FINANCIAL TIMES

No. 29,674 ***

Saturday July 13 1985

UK 35p U.S.A. $1.00 Canada C$1.00 Bermuda $1.50

WORLD NEWS

Backing for Olympics at Birmingham

Birmingham was chosen yesterday as the official British applicant to host the 1992 Olympic Games.

London had been the favourite before the meeting of the British Olympic Association, with another determined application from Manchester.

But Birmingham received 25 votes to Manchester's five and London's two. The existence of the National Exhibition Centre and firm plans for a 70,000-seat "superbowl" counted in its favour. Page 4

Violence in Ulster

Nearly 1,000 police and troops came under attack from stones and bottles thrown by Protestants banned from their annual march through a Catholic area of Portadown, Co Armagh.

Apartheid sanctions

The White House reiterated its opposition to sanctions against South Africa after the U.S. Senate overwhelmingly approved them. President Reagan is likely to face a tough decision on whether to approve them. Page 2

Howe call to Argentina

Foreign Secretary Sir Geoffrey Howe urged Argentina to make a practical response to the lifting of the British trade embargo. Page 2

Threat of NUM splits

The NUM faced the threat of more splits as its white-collar section Cosa began consulting members on its future and some pit winders decided to consider breaking away. Page 5

Father kills family

Lorry driver John Allen shot dead his wife, 10-year-old son, seven-year-old daughter and himself in Gorleston, Norfolk.

Jailed man cleared

Former policeman Keith Fellowes, who served four years of a seven-year jail sentence for a 1970 murder in Morecambe, Lancs, was declared innocent in the Court of Appeal.

Joseph firm on pay

The Government would make no more concessions to fund a 7.5 per cent pay deal for teachers, Education Secretary Sir Keith Joseph said. Page 5

Tanker hit in Gulf

The 226,000-dwt Turkish tanker M Ceyhan was on fire in the Gulf after being hit by Iraqi jets. Its sister ship was similarly attacked on Tuesday.

600 held in Quetta

Pakistani authorities arrested 600 people and seized arms in Quetta, following several days of Shi'ite unrest in which 27 people died.

Guinea reopens borders

Guinea reopened its borders a week after a failed coup attempt by former Premier Diarra Traore.

Kuwait in mourning

Kuwait declared a day of mourning for the 11 victims of two bomb explosions in city cafes. Page 2

Portuguese poll date set

Portuguese President Eanes dissolved parliament and called general elections for October 6.

Round figure

The Peking Golf Club was set up, with membership fees set at more than £10,000. Most members are expected to be foreign. Golf, Weekend FT Page XIV.

Australia 94 for 1

Australia were 94 for 1 in reply to England's 456 (Gower 166, Gatting 74) after two days of the third test at Trent Bridge.

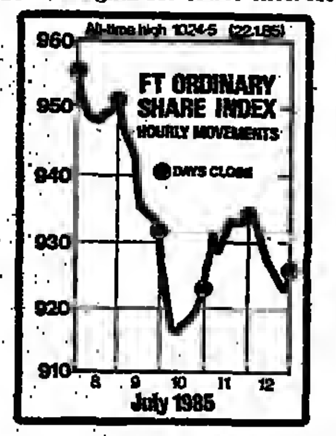
BUSINESS SUMMARY

Labour sets out policy on borrowing

ROY HATTERSLEY, the shadow Chancellor, said that a Labour Government will base fiscal policies on a new set of "realistic and convincing" definitions of public borrowing and spending.

In a speech to a Financial Times conference in London, in which he spelled out Labour's analysis of government debt, he said these definitions would supplant the present Government's "arbitrary and absurd" targets for the Public Sector Borrowing Requirement. Back Page; Page 3

LONDON EQUITIES were subdued with traders waiting in vain for the clearing banks to heed a signal for lower interest



rates. The FT Ordinary Share Index closed 8.4 lower at 926.0, a fall of 29.7 on the week. Page 14

BRITOIL made half-year net profits of £91.4m which compared with £63.4m but was below the City expectations of £100m. The Government is to sell its remaining 49 per cent stake in a fortnight. Back Page and Lex; Results, Page 10

PORTSMOUTH and Sunderland Group plans on Monday to produce the first newspapers in Britain where journalists set type directly with the agreement of the print craft union. Back Page

ITALIAN banks have placed about a third of the shares of Montedison, Italy's leading chemicals group, with U.S. and British investors and companies. The aim is to prevent a single Italian investor from gaining control.

BRAZIL secured record loan commitments of $1.53bn (£1.1bn) from the World Bank in the 1985 fiscal year, making it the bank's largest single borrower. Page 2

ISRAEL'S Histadrut trade union federation called off strikes after a government postponement of measures to dismiss 10,000 public sector workers. Page 2

BRITISH VENTURE Capital Association warned the Government that its Insolvency Bill could force small companies into premature liquidation. Page 3

MATSUSHITA Electric of Japan, the world's largest electrical appliance maker, is to build a mirrowave oven plant in Britain but has yet to select a site. Page 3

RICHARD CLAY, the biggest UK book printer, rejected a £13m takeover bid from McCorquodale, the security, book and specialist printer. Page 10

DEBENHAMS chairman, Robert Thornton, said in a letter to shareholders that they should continue to reject a 234p per share bid made by clothing retailer Burton Group.

MARINE MIDLAND and Bank InterFirst, the 17th and 18th largest U.S. banks, reported higher second quarter net profits in line with the trend set earlier by Chemical New York. Page 11

WEST GERMAN metals and engineering group, Metallgesellschaft, is raising DM 128m (£33m) in cash tthrough a rights issue. Page 11

Laker Airways and BA reach $48m out-of-court deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS yesterday announced that an out of court settlement had been reached in the long-running action brought under U.S. anti-trust laws against the airline and 11 co-defendants for allegedly conspiring to drive Laker Airways out of business in 1982.

The settlement overcomes the major stumbling block to the privatisation of BA, originally planned to take place earlier this year and now unlikely to occur until next spring.

Under an agreement announced in Washington, BA and its co-defendants, which include other airlines and aircraft manufacturers, have agreed on a $48m (£34.6m) payment to Mr Christopher Morris, liquidator of Laker Airways, who brought the original case with a claim for damages of $1.1bn.

In addition to the main deal it is proposed to make a payment of $8m to Sir Freddie Laker, chairman of Laker Airways, in total settlement of his claims. A further $8m has been offered to the law firms of Beckman and Kirstein, and Metzger, Shadyac and Schwarz in settlement of their fees for representing Mr Morris and Sir Freddie.

The main deal will stand whether or not the two $8m payments are accepted. Sir Freddie has yet to indicate whether he intends to accept, but the two law firms have declined the offer. BA said last night: "The parties may ask the courts for assistance in resolving the issue.

A statement from BA said the settlement had been achieved with the co-operaion of the liquidator, major creditors and all other co-defendants—British Calendonian, KLM, Lufthansa, Pan American, Sabena, Swissair, SAS, Trans World and UTA of France, with McDonnell Douglas Corporation and McDonnell Douglas Finance Corporation.

Still outstanding are independent "class actions" being brought in the U.S. courts by groups of passengers and others, but these are not expected to present significant problems.

Also, uncertain is the statement earlier this year by Lonrho, the trading conglomerate, that it was considering a claim for triple damages worth $327m for loss of profits by two Laker ventures, Skytrain Holidays and People's Airline, set up after the Laker Airways collapse.

Up to yesterday, no formal claim by Lonrho had been filed. Until a claim is formally lodged, the threat is not being taken seriously by BA or the other defendants in the main anti-trust case.

Mr Colin Marshall, BA chief executive, said yesterday that settlement of the anti-trust case bore no admission of guilt. BA and the other defendants have always denied any attempt to drive Laker Airways out of business or to breach the U.S. anti-trust laws.

Mr Marshall said settlement of major U.S. anti-trust actione out of court was "the normal course of action," with up to 90 per cent of such cases being settled prior to trial.

"Ending the large degree of uncertainty is in the interests of all parties concerned in the long-running saga over the collapse of Laker Airways.

"BA continues to explore the possibility of settlement of the class actions for the same reasons as apply in the Laker litigation."

Details of how the $48m will be divided among creditors by Laker Airways' liquidator have still to be worked out.

The settlement will ensure that the 16,000 small creditors of Laker Airways will be paid in full. These include 14,000 former Laker ticketholders, and the Laker emmployees.

BP and Esso cut price of petrol by 6p a gallon

BY DOMINIC LAWSON

BRITISH PETROLEUM last night sparked a new round of petrol price cuts by announcing that from the start of business today it will be selling a gallon of four star at 198.7p—a cut of 6p.

Esso responded immediately and cut prices by the same amount, also from the start of business today. Shell, which is running neck and neck with Esso for leadership of the UK petrol market, said it would be reducing its prices from the beginning of next week.

BP, which is also cutting the price of a gallon of diesel by 7p to 189.6p, said the main reason for the reductions was the recent rapid rise in the value of the pound against the dollar, the currency in which oil is traded internationally.

The spot price of gasoline on the Rotterdam market has hardly shifted since mid-April when Esso last led an industry price change with a 5p rise to 204.6p. But, expressed in sterling, the spot market price of gasoline has fallen over the period from £224.7 a tonne to £208.41.

Independent suppliers have thus been able to buy lower-priced bulk petrol and undercut the majors. As a result prices in many parts of the country have fallen to below £2 a gallon, according to BP.

Even after the price cuts, the oil majors will still be making money in contrast to last year when refining and marketing losses were endemic in the industry.

The Automobile Association said last night: "This is great news for the motorist. We have been watching the Rotterdam spot market for weeks and the only surprising thing is that the companies have resisted so long."

However, Mr Chris Walsh, managing director of Elf Petroleum, described the move as a "tidying-up exercise." He said that in most parts of the country petrol was already being sold at a price close to that chosen by BP. Only in a few areas would motorists find a big drop in prices.

Ian Hargreaves adds: The cut in petrol prices comes at a time when oil markets generally are weak and nervous in anticipation of the next meeting of the Organisation of Petroleum Exporting Countries in Geneva on July 22.

North Sea crude spot prices slipped 10-15 cents a barrel yesterday with Brent trading at $26.35 for August delivery. Arabian Gulf crude oil prices were also lower, reflecting strong selling pressure on the New York crude futures market, following Thursday's announcement by Mexico of a cut in its official prices.

Inspite of the rapid follow-up by BP's rivals, the oil companies had hoped that after two years of tight margins, their UK petrol prices would have held at the level before yesterday's move.

Figures compiled by Petroleum Argus, the oil price reporting service, show that the profitability of European refinery operations has risen sharply in the past three months.

Argus figures show that the netback on regular gasoline production at a Mediterranean refinery—a measure of the profitability to the refiner of converting crude oil into gasoline—had risen by about $50 a tonne this year.

Building societies plan record merger

BY MARGARET HUGHES

THE NATIONWIDE and the Woolwich, Britain's third and fifth largest building societies, are planning a merger which, if approved by their members, will be the largest in building society history.

The planned Woolwich Nationwide society, which will have assets of £15.86bn (an estimate from the two societies' assets on June 30) will inherit Nationwide's position of third-largest society, but will be much closer in size to the leading two. The Halifax has assets of about £22bn and the Abbey National about £18bn.

The new society, however, will have the largest network of branches—921 against the Halifax's 702. The Nationwide has a few more than 3.3m investors and more than 500,000 borrowers. The Woolwich has about 2.5m investors and more than 340,000 borrowers.

Announcing the proposed merger yesterday, the chairman of the two societies said that the "marriage" would allow them to develop their "evidently compatible" aims and objectives. It would create a "sound base" from which wider services could be provided, once new building society legislation had been enacted.

The combined resources would mean that the society would be able, for instance, even on current asset figures, to undertake almost £800m of the high-risk business which societies would be permitted under the legislation—such as unsecured lending, owning land or property and equity investment. This compares with the £468m and £330m the Nationwide and the Woolwich would be able to undertake respectively.

Continued on Back Page
Background, Page 4;
June receipts, Page 4

Johnson Matthey in £165m loss

By Mary Ann Sieghart

THE COLLAPSE of Johnson Matthey Bankers last year has run down its former parent's reserves to £25.9m. In its results for the year to March, Johnson Matthey, the precious metals company, yesterday disclosed £152m of extraordinary losses relating to the bank.

With another £16.5m of provisions on its U.S. jewellery business, this left a £165m loss attributable to shareholders.

The company also disclosed its intention to take legal action against Arthur Young, former auditors of JMB. The bank was bought by the Bank of England for a nominal £1 last October in a controversial rescue operation following losses of £248m. Johnson Matthey said yesterday that it expected to collaborate with JMB "for the purposes of litigation."

Continued on Back Page
Results, Page 10

Cut in base rate delayed despite Bank's firm sign

BY PHILIP STEPHENS

BRITAIN'S commercial banks yesterday delayed a cut in the cost of borrowing inspite of the Government's firm signal on Thursday that it would like a ½ point reduction in base lending rates.

The banks indicated, however, that they would consider lowering their rates early next week. With the pound benefiting from a further fall in the dollar's value, the City still expected an early reduction.

The reluctance to follow immediately the Bank of England's cut in its official dealing rates was explained partly by the structure of interest rates in the wholesale money markets.

The cost to the banks of one-month funds, which for many is crucial in their overall margins, remained slightly above the level which would justify a base rate cut.

That situation was apparently exacerbated by a large cash shortage in the money markets. This was not removed completely by the Bank's routine money market operations.

There was also some confusion and irritation at the way the authorities had sought to engineer the cut, and a feeling among some banks that they should assert their independence.

That led to suggestions in the City that the banks had decided to demonstrate that they could not be pushed into instant interest rate changes at the Government's whim.

The authorities want to fine-tune wholesale interest rates to signal a ½ point cut in base rates from the present 12½ per cent, but are equally determined that they should not move any further for the time being.

The Government is clearly uncomfortable when the pound is rising rapidly against the D-mark, but is anxious to avoid giving any signal that it wants a fundamental turnaround in sterling's fortunes.

The outlook next week is likely to depend on the dollar's performance. The general expectation, however, is that it will need only another fractional shift in UK interest rates to trigger the ½ point base rate cut.

Yesterday, the U.S. currency came under further strong pressure following news of a drop in U.S. retail sales last month. That was taken as confirmation that the U.S. economy has slowed significantly in recent months, and strengthened the view in foreign exchange markets that the original estimate of second quarter GNP U.S. growth will be revised downwards.

Against the D-mark, the dollar fell to its lowest level since last August, closing in London at DM2.89, 2.85 pfennigs lower than on Thursday. Sterling benefited from the dollar's weakness to close in London at $1.3860, a rise of 0.4 cents, but weakened against European currencies on expectations of a base rate cut. The sterling index, which measures its value against a basket of currencies, was unchanged at 83.4.

Public spending stabilisation, Page 4; Editorial Comment, Page 6; Lex Back Page

Fall in U.S. retail sales raises fears of slowdown

BY STEWART FLEMING IN WASHINGTON

A SURPRISING fall in U.S. retail sales in June raised fears yesterday that consumer spending may not provide the forward momentum to the economy in the third quarter that many private economists have been expecting.

A preliminary commerce department estimate suggested that retail sales last month fell 0.8 per cent, the steepest decline since the 1.4 per cent fall last July. That fall helped to signal the sharp slowdown in U.S. expansion over the past 12 months.

Many forecasters had been anticipating weak figures as a result of recent reports of sluggish car and deparement store sales—but the steep decline and the fact that the revised May figures still showed a fall of 0.5 per cent was much worse than anticipated.

Mr Malcolm Baldrige, commerce department secretary, repeated official forecasts of faster economic growth in the second half of the year. He pointed to surveys showing an upturn in consumer confidence and improving financial conditions, such as falling interest rates, to uphold the view that consumer spending should continue to support the economy.

The breadth of the decline—only categories such as food, clothing and restaurants reported gains, and the fact that sales have fallen significantly

Continued on Back Page

WEEKEND FT

FRONT LINE

The black townships of South Africa's Eastern Cape are the front line in the battle between the races. Report,

PAGE I

PARIS

Arthur Sandles disturbs the ghosts of the Bastille on Page IX; part two of How to Spend It in Paris,

PAGE XI

FINANCE

Before you go into the red, consider the extra costs that may be attached to your overdraft.

PAGE IV

ARTS

Theatre with a difference: the London International Festival of Theatre.

PAGE XIII

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime $1.386
DM 2.884	London: $1.386 (1.382)
FFr 8.77	DM 4.00 (4.0375)
SwFr 2.3990	FFr 12.145 (12.365)
Y240.675	SwFr 3.325 (3.3625)
London:	Y333.5 (335.5)
DM 2.89 (2.9185)	Sterling Index 83.4 (83.4)
FFr 8.78 (8.87)	**LONDON MONEY**
SwFr 2.3995 (2.4335)	3-month interbank:
Y240.85 (243.00)	Closing rate 12% (12½)
Dollar Index 138.9 (140.3)	3-month eligible bills:
Tokyo close Y242.8	buying rate 11⅞% (11 15/16)
U.S. LUNCHTIME RATES	**STOCK INDICES**
Fed Funds 7 11/16%	FT Ord 926.0 (−8.4)
3-month Treasury Bills 7.10%	FT-A All Share 593.91 (−0.6%)
Long Bond 107 5/32	FT-SE 100 1,230.8 (−7.6)
yield 10.49	FT-A long gilt yield index:
GOLD	High coupon 10.34 (10.40)
New York: Comex Aug latest $317.2	New York lunchtime:
London: $316.25 ($314.75)	DJ Ind Av 1,336.25 (−1.45)
	Tokyo:
	Nikkei Dow 12,839.49 (−18.61)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.00 W; Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 5.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

CONTENTS

For London market and latest share index 01-246 8026; overseas markets, 01-246 8086

OVERSEAS NEWS

Reagan reaffirms sanctions stance

BY REGINALD DALE IN WASHINGTON

THE WHITE HOUSE yesterday firmly reiterated its opposition to sanctions against South Africa as the "wrong way" to end apartheid and said that President Ronald Reagan would continue to pursue his low key policy of "constructive engagement" with the Pretoria Government.

The White House statement came only a few hours after the Republican-led U.S. Senate overwhelmingly approved a limited sanctions package that will now have to be reconciled with tougher measures already endorsed by the Democrat-controlled House of Representatives.

The 80 to 12 Senate vote means that Mr Reagan is virtually certain to be confronted with a decision on whether to risk a major political outcry by vetoing sanctions legislation. The Senate's action, a serious rebuff for Mr Reagan reflected mounting public frustration with his policy of seeking change in South Africa through quiet diplomacy.

The consensus on Capitol Hill yesterday was that Mr Reagan would probably find himself obliged to sign sanctions into law, particularly if the final legislation is closer to the milder measures approved by the Senate. Conference negotiations to iron out differences between the two Bills could start as early as next week.

The versions adopted by the Senate would prohibit new loans by American banks to the South African Government and halt already restricted exports of U.S. nuclear technology and computers used by government agencies to enforce apartheid.

It calls for a ban on new U.S. investment in South Africa and an end to U.S. imports of gold Krugerrand coins if Pretoria does not make substantial progress towards ending apartheid in 18 months.

The House Bill would introduce the investment and Krugerrand sanctions immediately, and only lift them if apartheid was relaxed.

The Senate Bill, unlike the House version, calls for the introduction of a new American gold coin to compete with the Krugerrand, which would be the first official such minting since the U.S. left the gold standard in 1933.

Backers of the Senate legislation admitted yesterday that they did not expect it to lead to immediate changes in South African policy, or even have an early impact on the country's economy. Mr Richard Lugar, the Republican chairman of the Senate Foreign Relations Committee, said that its main purpose would be to "distance this country from the evil of apartheid."

● Official South African reaction to the U.S. Senate vote on limited economic sanctions was mooted with Mr Pik Botha, Minister of Foreign Affairs, noting that the vote was only part of the lengthy and complex legislative process.

"We would hope nevertheless that good sense will prevail in the time still available and the ongoing debate will serve to better inform the U.S. legislature of the mutually disadvantageous consequences which their actions could bring about," he added.

Kuwaitis mourn victims of bomb blasts

By Kathleen Evans in Dubai

A day of national mourning was declared yesterday for the 11 victims of the bomb explosions which struck two seaside pavement cafes on Thursday night in Kuwait City.

Local television ran programmes of prayer and flags were flying at half mast. Friday prayer speakers in the mosques called the bombings "cowardly," and Rashid al Rashid, a Kuwaiti Cabinet Minister, said that, despite the attacks, Kuwait remained an "oasis of stability in the Gulf region."

The bombings were said to have aroused great anger among Kuwaitis against the foreign community, which is increasingly seen as a source of instability.

The bombs were planted in cafes which catered exclusively for Kuwaiti clientele. The two coffee shops were designed to reflect the country's historic Bedu heritage, and were famous for their "bagili" beans cooked in Kuwaiti style. To many nationals, they functioned as a cultural haven in a country which consists 60 per cent of foreigners.

One of the cafes was just 200 metres from the scene of the suicide car-bomb attack six weeks ago on the Emir, Sheikh Jaber al Ahmed al Sabah. Since then there has been a massive security clampdown in the country.

Over 500 foreigners have been deported from the country since May, many of them Lebanese, Iranians, Iraqis and other foreign Arabs. One of the victims in Thursday's bombing was a senior officer of the interrogation unit of the Kuwait police force.

No organisation has yet claimed responsibility for Thursday's bombings and the normally outspoken Kuwaiti Press has hesitated to point a finger at any particular group.

The attack on the Emir was claimed and later denied by the Islamic Jihad organisation, which threatened at the time to "shake all the thrones of the Gulf monarchies."

Shultz voices deep concern for security of South East Asia

BY CHRIS SHERWELL IN KUALA LUMPUR

THE U.S., voicing deep concern for the security of its South East Asian allies, yesterday condemned Vietnam's continued military occupation of Kampuchea and pledged assistance to fight the communist threat to Thailand and the Philippines.

In a powerful affirmation of U.S. Asian policy Mr George Shultz, U.S. Secretary of State, also reiterated to the Association of South East Asian Nations (Asean) the Reagan Administration's strong line against terrorism, drug trafficking and trade protectionism.

Shultz—boosting military aid to Asean

Calling Vietnam "the most immediate threat to peace in East Asia," he made it clear that a normalisation of ties with Hanoi was impossible without a Vietnamese troop withdrawal from Kampuchea and a settlement acceptable to the six members of Asean—Thailand, Malaysia, Singapore, the Philippines, Indonesia and Brunei.

Because of the Vietnamese threat, he said, Washington plans to step up security assistance to Thailand, a frontline state. This assistance, he added, had already risen from \$39m (£28m) in 1980 to \$107m last year. The figure for Asean as a whole had increased from \$173m to \$429m.

Detailing how U.S. naval and air power had been strengthened in the region, he underlined the strategic importance of the U.S. bases in the Philippines. These, he said, "are crucial not only to the U.S. and the Philippines, but also to the security of our other friends in Asia, from Japan and Korea to the Persian Gulf."

As for U.S. assistance to Manila, he said this had a large economic component to help what he called "a close friend and treaty ally overcome serious political, economic and security challenges."

In a late addition to Mr Shultz's remarks, reflecting some hesitation if not reluctance, the U.S. endorsed Asean's latest peace initiative on Kampuchea—a move in line with the now-standard Washington policy of following Asean's lead.

The initiative, spurned by Hanoi in advance, called on Vietnam to hold indirect or "proximity" talks with the United Nations-recognised Kampuchean coalition fighting to overthrow the Hanoi backed Heng Samrin regime in Phnom Penh.

While duly lauding the thrust of Asean's settlement proposal, Mr Shultz pointedly said he was "reassured" that Asean would not recognise the Heng Samrin regime—something earlier implied by a previous Malaysian idea, never adopted, suggesting indirect talks between the guerrillas and the Phnom Penh Government.

UK assailed over Heysel riot deaths

BELGIAN Interior Minister M Charles-Ferdinand Nothomb, fighting for his political survival, made a stinging attack on English society yesterday over the May 29 Brussels European cup final soccer riot in which 38 fans died, Reuter reports from Brussels.

In a 40-minute speech at the start of a parliamentary debate on the disaster, M Nothomb, under strong pressure to resign over security failures at the Heysel stadium, blamed almost everyone except himself.

He reserved his harshest words for the English, "responsible for this calamity for the victims and for our country," whom he accused of having long condoned the hooliganism which led to the fatal Brussels rampage by Liverpool supporters.

"Today, I will speak out severely about the collective responsibility of English society which tolerates this violence, which accepts it, which tries to channel it without wanting to eliminate it," he declared.

"A certain number of clubs accept this violence as a part of the sporting spectacle and even of their club's trade mark."

M. Nothomb's attack, making no reference to Britain's recent tough measures to fight soccer hooliganism, appeared aimed primarily at deflecting criticism of his own performance from the Socialist opposition and many Government parliamentarians.

His speech was conspicuously not applauded by the Liberal deputies on the Government benches.

The Socialists have put down a motion of no confidence in the Minister but they may be outflanked by a general motion of support for government policies when the vote comes, probably today.

Prime Minister Wilfried Martens is understood to be determined that the aftermath of the Heysel disaster should not bring down his cabinet, in which M. Nothomb is one of four deputy premiers, five months before a general election.

A report by a parliamentary inquiry, on which yesterday's debate was based, said British fans caused the deaths when they charged Italian Juventus supporters.

S. African black miners look set to strike

BY ANTHONY ROBINSON IN JOHANNESBURG

THE PROSPECT of a strike by black miners looms over the South African mining industry this weekend as the executive committee of the National Union of Miners meets to analyse the results of a strike ballot and decide on its strike tactics. Early returns from the 200,000 miners balloted indicate strong support for a strike, union officials said, but the full results are not expected until today.

The Chamber of Mines, which has criticised the way in which the ballot has been carried out, has already warned the NUM's 110,000 members that strike action would not lead to an improvement on the chamber's final offer ranging from 14.1 to 19.6 per cent on minimum rates paid from July 1. The union is demanding an across-the-board increase of 22 per cent and further increases in fringe benefits and holiday allowances.

According to the chamber, which represents mine owners in wage negotiations, the cost of the union's demands amount to 32 per cent for gold miners and 41 per cent for colliery workers. It said this was "totally unacceptable" and underlined that the increases now being paid by chamber mines were above the rate of inflation and higher than other industries in the current negotiating cycle.

Meanwhile the Volkswagen car plant at Uitenhage in the Eastern Cape was idle again yesterday as the company and union representatives remained deadlocked in the dispute over minibuses the company proposed to lend for the forthcoming All Black rugby tour.

The New Zealand high court is due to rule this weekend on an injunction which could lead to postponement or cancellation of the tour. But the earliest the plant could return to normal is Tuesday as most of it is working a four day week.

Elsewhere on the labour front, talks between workers and management at the AECI Chlor-Alkali plant at Ballengeich near Newcastle in Natal continued beyond the noon deadline earlier imposed by the company for a return to work by 490 strikers. The company, which is owned 40 per cent by Anglo American Corporation and 38 per cent by ICI of the UK, is seeking guarantees that workers will ensure uninterrupted working and strict attention to safety procedures.

Howe expresses disappointment at Argentina

By Robert Graham

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday urged Argentina to reconsider its response to Britain's unilateral lifting of the trade embargo. Sir Geoffrey called on Argentina to show its willingness to resume a dialogue with Britain by adopting practical measures rather than reiterating its position on sovereignty to the Falkland Islands.

The Foreign Minister's comments came in a statement originally expected on Thursday night immediately after the Foreign Office had received the text of Argentina's reply to Britain's announcement of the lifting of the trade ban. The ban was lifted on Monday, coinciding with a visit to Brazil by Sir Geoffrey.

Argentina's reply in the form of a statement on Wednesday, offered to resume talks within 60 days and to make a formal declaration ending the state of belligerency provided this was linked to inclusion of Falklands sovereignty on the agenda.

Sir Geoffrey described this as a "disappointing response," and went on to say in a statement: "The Argentine Foreign Ministry has acknowledged that our action was a positive step. But their statement does not indicate any willingness to reciprocate directly. Instead it calls upon Britain to enter into discussions, which must include discussion of sovereignty over the Falkland Islands within 60 days. Our statement of July 8 made absolutely clear that we are not prepared to discuss sovereignty."

Israeli unions call off strikes

BY DAVID LENNON IN TEL AVIV

THE HISTADRUT, Israel's trades union federation, has called off its selective strikes for three days and postponed a general strike set for early next week in the wake of the Government's decision to delay indefinitely issuing emergency decrees dismissing 10,000 public sector workers.

This is expected to bring a respite in the labour unrest which broke out after the Government announced an austerity programme last week, which included sharp erosion of wages during a planned three months' wage and price freeze.

The impression is gaining ground that the Government is now resigned to retreating somewhat from the tough position which it adopted over wages and dismissals from the public service, when it approved the austerity programme. Next week will prove a very testing time for both the Government and the unions as they seek a compromise acceptable to the nation's workers which will not destroy the Government's new recovery programme.

Despite the Histadrut decision, workers in the financial sector are still threatening to go ahead with a planned one-day strike tomorrow, which would shut all banks, insurance companies, and the Tel Aviv Stock Exchange.

It is also still far from certain that the staff of the country's Electric Corporation, who have been disrupting supplies throughout the week, will heed the Histadrut call.

The overall unions response will prove a major test of Histadrut control over individual unions, some of which believe that further strike action is needed to convince the Government that planned sharp pay cuts are unacceptable.

Mr Israel Kessar, Histadrut secretary-general, decided yesterday to halt the strike to create a better climate for negotiations with the Government. However, he made clear that stoppages could resume on Tuesday.

If there is no acceptable progress in the talks on compensation to wage-earners in return for accepting a pay freeze, he is expected to seek approval for the all-out general strike.

● An Israeli government official yesterday denied news reports that Israel had illegally acquired uranium that could be used to make nuclear weapons, AP reports from Jerusalem.

The official, who spoke on condition he was not identified, said "It was used for industrial research and development of a metallurgical nature."

He was commenting on news reports that shipments of uranium had arrived in Israel from Britain and France via Luxembourg in 1984. He also said the Vienna-based International Atomic Energy Agency had absolved Israel of wrong doing.

Legal move on hijack suspects

Lebanese authorities have sent the public prosecutor the names of three Lebanese men suspected of hijacking a U.S. airliner last month and killing an American passenger, legal officials said yesterday, Reuter reports from Beirut.

They sent the names for investigation after Greek police had provided a list of all Lebanese on the Trans World Airlines Boeing 727, hijacked on June 14 with 153 passengers and crew on a flight from Athens to Rome, the officials said.

Greek police were reported as saying in a letter that one of the three suspects were found to have two forged passports.

● Lebanon's announcement of legal action over the TWA hijacking was welcomed by Mr. Larry Speakes, White House spokesman in Washington yesterday "as a step forward," AP reports. "We will be watching with close interest to see what is now actually done to prosecute them," he said, adding "We've heard these names before (and) we don't quarrel with them."

Chinese industrial output increases by 23 per cent

CHINA'S industrial output rose by 23.1 per cent in the first six months of the year, despite Government measures to rein in the economy, Reuter reports from Peking.

The State Statistical Bureau, which announced the figure, said companies must be prevented from blindly seeking high growth. Consumer liquidity was also growing too fast, creating an imbalance in supply and demand, it said.

The surging growth rate is a major worry for China's reforming government, which has already introduced a credit and wages squeeze.

Chinese economists have warned that if the economy is allowed to grow too fast it will cause bottlenecks in the supply of energy and raw materials and could undermine the reform package.

The bureau, quoted by the official China News Service, said the rapid growth was caused by rapid expansion of collective enterprises

Overall industrial output value rose 23.1 per cent in the first half of 1985, but the growth rate for state companies was 15.9 per cent compared with 45 per cent for the collective sector, he said.

Total industrial output rose 11.6 per cent in the same period last year and 14 per cent in the full calendar year, with the economy already dangerously picking up steam towards the end of 1984, according to Chinese economists.

Brazil wins World Bank loans

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL secured record loan commitments of \$1.53bn (£1.1bn) from the World Bank in the 1985 fiscal year just ended, confirming the South American country as the largest single borrower from the bank. The record was achieved in the face of continuing pressures on the World Bank's resources.

For the current 1986 fiscal year, which runs from July to next June, the Sarney Government has agreed with the bank on a commitment target figure of \$1.4bn. Although marginally down on previous years, in the circumstances this is much more respectable figure than might have been expected.

According to Sr Gilberto Velloso, a senior Planning Ministry official, despite the improvements in its balance of payments since the crisis days of 1983, Brazil will continue to press for special treatment from the World Bank.

In particular, the new Government would like to see the retention of fast disbursing loans and the favourable conditions of the bank's Special Action Programme. The SAP formally expired at the end of June but may be renewed on a case-by-case basis.

The degree of the World Bank's continuing commitment to helping Brazil overcome the effects of the debt crisis can be judged by the fact that \$1.16bn of the record 1985 commitments was rushed through in the last three months of its fiscal year—after the new civilian government had taken office.

Problems nevertheless remain to be overcome in individual sectors earmarked for substantial chunks of the bank's largesse.

The bank is continuing to press for major reforms in the inefficient alcohol fuel production programme. And it is unhappy with the way, in which public sector tariffs, notably electricity prices, have been allowed to lag way behind inflation, pushing the already heavily indebted state organisations concerned even further into the red.

Morocco bond for Sahara

BY FRANCIS GHILES

MOROCCO WILL issue a three-year government bond to help finance projects in the Western Sahara later this summer. King Hassan said in a broadcast that a bond issue last March had brought the Moroccan Treasury Dirhams 450m (£33m), more than four times the target.

The new issue will carry an interest rate of 14 per cent tax free—the same as four months ago—but the new issue can be subscribed, and reimbursed in foreign currencies.

Morocco's claim to the Western Sahara, which its armed forces overran in October 1975 is strongly contested by Polisario Front guerrillas who, in 1976 set up the Saharan Arab Democratic Republic (SADR), now recognised by 62 countries. The protracted conflict is estimated to cost the Kingdom in excess of \$1.5m a day.

Negotiations between Rabat and the commercial banks on the restructuring of that part of the Kingdom's commercial debt which falls due between September 1983 and December 1984 are expected to be concluded soon. A two-day meeting of the Paris Club next Monday and Tuesday will discuss the rescheduling of that part of the Kingdom's official debt which falls due in 1985. Agreement on these two fronts should clear the way to a new IMF SDR 298m (£165m) loan for Morocco later in July.

EEC records jobs gain

THE EUROPEAN Economic Community gained 260,000 jobs last year, the first increase in four years and a sign of improved economic conditions, the EEC's statistics office said yesterday, AP reports from Brussels.

Even with last year's gain, the 10-nation trading bloc has lost nearly 2.8m jobs since 1980. The U.S. added 5.8m jobs in that period, the report said.

The total number of people employed in the EEC last year was 107.9m, a gain of 0.2 per cent from 1983. In the U.S. it was 107.2m, a rise of 4.1 per cent.

Among the EEC nations, the largest employment gains last year were recorded by Denmark, with a 2.3 per cent increase, and Britain, with a 1.6 per cent gain. The biggest losses were in Ireland, down 1.3 per cent, and France, down 1.0 per cent.

If figures for Spain and Portugal were included, the EEC would have had a net job loss of 0.2 per cent last year instead of a 0.2 per cent gain for 10 current members. The two Iberian nations are scheduled to become members of the EEC on January 1, 1986.

Spanish court rejects spy case

By Tom Burns in Madrid

A CLOUD of suspicion hanging over Prime Minister Felipe Gonzalez's Socialist Government lifted yesterday when the Spanish Supreme Court refused to pursue allegations into supposed cabinet links to a scandal concerning police surveillance of the opposition Alianza Popular Party.

Earlier this month a lower court judge had referred to the Supreme Court what has come to known as the Spanish "Watergate," the Supreme Court alone has powers to serve writs on members of parliament, senior administration officials and cabinet ministers.

The Supreme Court, however, ruled that there was "no indication of criminal activity" committed by persons who were protected by the privileges of high officialdom and subject solely to Supreme Court Subpoenas.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates \$365.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Rupert Cornwell reports from Leimen on the triumphant, if brief, return of the Wimbledon tennis champion

Becker-mania enlivens a small town in West Germany

A STRAPPING 17-year-old returned here yesterday after a successful job in London almost a week ago—and just for a little while Leiman, a few miles south of Heidelberg, became the most famous small town in Europe.

Boris Becker, briefly, is back in West Germany; and last night his home town turned out to do him the honours, complete with motorcade, speeches from the town hall balcony, and a party at the local tennis club. Even the presence of half a dozen TV crews and 250 journalists from around the world couldn't spoil the fun.

For somehow, as it had to, the occasion remained intimate. Leimen was festooned with its blue and white city flags. Two well-worn pairs of the champion's tennis shoes dominated the window of the main High Street sports shop.

A butcher was offering hideous round ochre sausages, named "match balls à la Boris." There are Boris steaks, Boris T-shirts and even Boris first-day covers for stamp collectors.

Predictably, a fledgling local Becker industry has produced not one, but two records: "Boom Boom Boris" and "Boris at Wimbledon." Tomorrow, mercifully, both will be forgotten; but who cares.

Leimen, however, like the rest of Germany takes its pleasures seriously. The prodigy may be returning to joy: but a few yards from the *Rathaus* where he received his gold ring of honour from Herr Herbert Ehrbar, the mayor, the Social Democrats were advertising package holidays for party devotees wanting to use a spell on the Mediterranean this summer to discuss political non-alignment with members of the Maltese Labour Party.

And in the wider Germany, the improbable Becker triumph at Wimbledon has been just the cue required for another bout of national self-examination, albeit in a marginally happier key than usual.

The problem—beyond the old memories stirred by headlines like "Blitzkrieg Boris" and Boris *uber alles*"—has this time been: How are the Germans to cope with homegrown idols. Die Zeit, that earnest voice of the German right-thinking, indeed was moved close to self-parody on Thursday, pondering in its leading article on the front page whether Becker-mania (for so at the moment it must be described) would mark rediscovery by Germans of the ability to keep personality cults on a harmless plane—in other words words to prevent the young Becker becoming another Fuehrer.

Boris Becker with his father, mother and sister after winning at Wimbledon.

It then warned "identification with a hero must not make an individual dependent. A man can be enriched by an idol provided this does not lead to idolatry and that he finally emancipates himself, and makes up his own mind." In the case of a 17-year-old, even if he is the world's hottest tennis player, that is surely a bit much.

But a basic desire for self-improvement is no less evident at the now notorious Blau-Weiss Tennis Club, where it all started. Not even the celebrations due there last night could mar the atmosphere of relentless middle-class striving, which of course helped to produce Boris.

For whatever Leimen may be—pleasant, but as dull and devoted to the quiet life as most small towns anywhere—it is no accidental athletic Bethlehem, blessed by the passage of a star over the Becker household on November 11 1967. The town may contain the third largest cement works in West Germany, whose overhead skips run behind the tennis club—but its most serious industry is sport.

One in two of the 17,000 citizens of Leimen are active members of sports clubs, which receive DM 900,000 (£225,000) of subsidies every year from the municipality. Moreover, two Olympic champions in the last dozen years have come from the place.

"I can tell you it was no coincidence that the young lad came from here," a municipal worker said, showing generous understanding that the young lad in question has turned to the tax haven of Monte Carlo and to the sponsorship of the BASF chemical company [even that it is now said to cost DM 75,000 an hour to interview the new Wimbledon champion]. Charles II well, and also employ

Whatever his current engagements, Boris Becker remains a Leimener for the Leimeners. No matter the warning of Mr Ion Tiriac, his Romanian manager, to his father when the fatal contract was signed a year ago, that "you won't be seeing much of your son now, but you'll be reading a lot about him."

The townspeople are confident that Boris won't be spoiled and that he will be back. The mayor spoke proudly last night of the "particular desire" of Boris for a close association between Leimen and himself. More to the point was an old woman talking in the empty town hall square the night before. "Boris won't give up Leimen. Nobody's good luck lasts forever."

In another sense, too, the young man's enforced absence hasn't made much difference. On the very morning of the big day of July 7, his former Blau-Weiss Tennis Club did not disgrace itself — whitewashing its nearby rivals from Hemsbach by nine matches to nil without losing a set, to secure promotion in the regional league.

"We are used to winning here," the barman at the Blau-Waiss modestly conceded. Outside on the 12 red-dirt courts straining infants as well as their equally determined elders played tennis of quite alarming competence. Leimen may not have given its last.

Matsushita to build microwave oven plant in UK

BY CARLA RAPOPORT IN TOKYO

MATSUSHITA ELECTRIC, the world's largest electrical appliance manufacturer, is to build a microwave oven plant in Britain.

The Osaka-based company said yesterday that it has not yet selected a site nor would it divulge the size ef the investment.

Matsushita already produces television sets in Cardiff. As a result, industry executives believe the plant may well be located there.

The company said the plant was part of its corporate strategy to expand overseas production. It should help diffuse mounting trade friction between Japan and European countries by relacing exports with locally-made goods.

Microwave oven sales in Britain last year exceeded 1m units and this year the figure is expected to reach 1.5m. Matsushita sold 83,000 units in Britain last year and this year expects to sell about 125,000.

It is believed that the new plant will provide at least half that total when it is on stream next year or in early 1987.

The company confirmed yesterday that it plans to double the production capacity of its Chicago microwave oven plant to 500,000 units a year by 1989. The group currently exports 1.2m microwave ovens to the U.S. annually.

Matsushita said it had not yet decided what percentage of the British-produced ovens would be made up from local components. It is believed that most will be imported from Japan, at least at the beginning.

The group has rejected the idea of building the plant as a joint venture with a European company but this does not preclude the formation of joint ventures for producing other products in Europe.

Matsushita, with sales this year likely to be worth more than Y3,400bn (£10.149m) is best known for its electric appliances sold under the Panasonic, National, Technics and Quasar brands.

The Japanese-owned Sharp Corporation is also diversifying microwave oven production for the European market et its video recorder plant at Wrexham, North Wales, creating 190 jobs.

The company said in May it planned to produce 120,000 microwave oven units in its first year, rising to 240,000 a year by 1988.

Sharp arrived in Wrexham to build the £15m video-recorder plant just over a year ago.

Production began in February at 3.500 units a month. The 200,000 sq ft factory was completed by Fairclough Construction in a record 32 weeks. Output is due to rise rapidly, to create 630 jobs in three years.

NCB men accused of deception

By Maurice Samuelson

TWO NATIONAL Coal Board officials and e property developer appeared before magistrates at Mansfield, Nottinghamshire, yesterday, accused of making false representations to obtain cheques from the NCB over subsidence claims in north Nottinghamshire.

There was no application for bail from their solicitors end the three were remanded in custody until Tuesday.

The NCB officials are Mr David Charles Owen, 36, a subsidence inspector, and Mr Ronald Roy Davenport, 53, head of the Norths Notts area NCB subsidence branch. The developer is Mr Timothy John Fretwell, 32.

Mr Fretwell and Mr Owen were charged with ebtaining a cheque for £16,300 in 1983 over subsidence damage and expenses for a house at Mansfield.

Mr Fretwell and Mr Davenport were alleged to have secured by deception a cheque for £8,400 concerning damage to e service station at Rainworth.

Opportunities and problems at a time of rapid change

BY BARRY RILEY

THE CITY of London had a huge opportunity to consolidate a pre-eminent world position, Mr Eddie George, executive director of the Bank of England, said in a keynote address to the Financial Times conference on the City Revolution yesterday.

FINANCIAL TIMES
— City —
Revolution
CONFERENCE

There were bound to be problems for participants in the financial markets at a time of rapid change, but standing still was not an eption. The forces of competition were too strong.

Discussing the new gilt-edged market, for which he has personal responsibility, Mr George said that the Bank resented any suggestions that it should have reduced the numbers of market-makers to accord with an arbitrary judgment of the market's capacity.

Competition among market-makers would certainly be intense, and not all would be able to make money. "But we will ensure that it is their money they lose, rather than that of investors or counter parties," he said.

Mr Gordon Pepper, joint senior partner of W. Greenwell, the stockbrokers, said the problems of chain reactions in the financial markets had been highlighted by the need to rescue Johnson Matthey Bankers.

He said that regulation was too concerned with the "micro." There was not enough emphasis en the overall or "macro" approach, to prevent the development of speculative bubbles that had to burst.

Mr Pepper also discussed the relationship between investment banking and commercial banking. He said that discussion about prudential control of the former had barely started. "Some of you may think that it is a bit late in the day, given the current stage of the City revolution," he said.

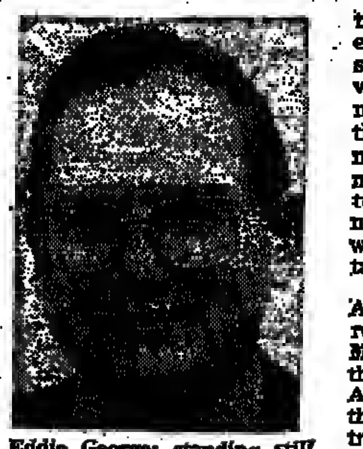
Turning to the opportunities for the specialist merchant banker, Mr Win Bischoff, chairman of J. Henry Schroder Wagg, emphasised the necessity to respond to more intensive competition by adopting greater specialisation.

Demand for the available pool of specialist skills in London was growing rapidly. But, overall, the opportunities had never been greater and the UK merchant banker was extremely well placed to follow them.

Mr Richard Lambert, deputy editor of the Financial Times, discussed the expansion of Wall Street investment business after deregulation in 1975, and drew lessons for London in the 1980s.

He warned that there would not be just one big bang, but the effects of deregulation in London would produce a series of further explosions in later years. Most firms would be surprised by the degree of discounting of commissions. "The road to the promised land is going to be rocky for everyone, and impassable for some," he cautioned.

Lord Bruce-Gardyne, a former Economic Secretary to the Treasury, said it was important not to over-estimate the ability of lawmakers at Westminster, and code-makers in Threadneedle Street, to put a stop to human folly, greed or wickedness.



Eddie George: standing still not an option

Life would be tougher, for private personal investors and, at the other end of the spectrum, for those managing domestic monetary conditions.

Mr Stanislas Yassukovich, chairman of Merrill Lynch Europe and Middle East, said that the City of London should seek to capture the bulk of the financial transactions in its time zone. If that were to happen, care needed to be taken lest markets fragment.

From the UK's point of view, the ultimate political justification must be that the invisible earnings account would benefit substantially. But the exercise would prove pointless if it were not to make a contribution to the integration of the European market. He suggested that communications would ultimately turn Europe into a single national marketplace. But it was a difficult process and would take time.

A first-hand description of American experience in deregulation came from Mr Morton N. Weiss, president of the National Securities Traders' Association ef the U.S. He said that London's current fears and trepidations had been experienced in the U.S. He argued, though, that there was a great opportunity to increase ownership of equities among the UK public. These were held by 5 per cent of the adult population at present, compared with more than 20 per cent in the U.S.

He saw a global network of compatible automated quotation, execution and clearing systems as becoming the key to the growing internationalisation ef markets, and he looked forward to the likely prospect ef 24-hour trading.

Sales of building materials fall by 10%

By Lisa Wood

SALES OF building materials in May were down by 10 per cent compared with the corresponding month last year, according to figures published yesterday by the Builders Merchants Federation.

Mr Reg Williams, director of the federation, said the industry's problems continued while "an impassive government stands by the sidelines unwilling te invest in the nation's vital infrastructure."

He said that the Government's policies were hitting the industry particularly hard was confirmed by the Confederation of British Industry's distribution trade survey for May. This showed that builders' merchants had only a 17 per cent increase in sales while total distribution showed a 67 per cent increase.

The index survey of building materials sales in May, produced by the BMF on a standard planning region basis, indicated a national decrease in sales of 9.9 per cent compared with May last year.

Central licensing of life assurance and pensions salesmen proposed

BY ERIC SHORT

ANYONE wishing to sell life and pensions contracts to the public would need a licence issued by a central authority, under proposals revealed yesterday.

Salesmen offending against a code of conduct would face the risk of lesing their licence and be banned from selling life assurance for a specific period.

A licensing consultative group comprising delegates from organisations involved in the life assurance marketing field has been considering the position. The licensing system proposals were outlined yesterday at a conference in London by Mr Norman Graham, general manager of General Accident Life and chairman of the group, and Mr Keith Blundell, president of the Life Insurance System.

Under the scheme a person starting in life assurance sales would have to qualify for an initial licence following a training course. Such a person would be able to sell only under the direct supervision of a qualified salesmen holding a full licence.

The salesman would be eligible for a full licence after further training and testing and at least three months' sales experience. Applicants failing to qualify for a full licence within 18 months would lose the initial licence and be barred for a period from applying for a new one.

The licence system would test salesmen on their expertise in various life and pension products. They would also have to comply with a code of sales conduct designed to ensure ethical selling.

Government investor protection proposals envisaged that licensing authorisation should apply to institutions rather than to individuals. However at Thursday's session of the conference Mr Mark Weinberg, chairman of the Marketing of Investments Board organising committee, which is responsible for pensions of pre-packaged investment sales, publicly acknowledged for the first time that, as far as life assurance was concerned, licensing had to operate on an individual basis.

Mr Graham and Mr Blundell emphasised yesterday that licensing proposals would work only if given statutory backing and that recent discussions with the organising committee implied that such backing would come under the Government's investor pensions legislation.

Salesmen would be trained by life companies, intermediaries or insurance educational institutions, but the test of competence would be carried out independently by e body such as the Chartered Insurance Institute.

'A' central registry would ensure that disbarred salesmen could not start again simply by moving to a different company or intermediary.

Insolvency Bill 'a threat to small companies'

BY WILLIAM DAWKINS

THE British Venture Capital Association has warned the Government that its Insolvency Bill could force small, growing companies into premature liquidation.

The association has written to Mrs Margaret Thatcher and ministers closely involved with the Bill, due to reach its report stage in the Commons next Thursday, proposing amendments to its definition of when companies are guilty of "wrongful trading."

Mr Tony Lorenz, chairman of the association's insolvency team, said: "In its present ferm, the section of the Insolvency Bill dealing with wrongful trading will have the effect of stifling the growth of small entrepreneurial British businesses."

The association suggests that the definition of insolvency should be related to a cash flow test of the absence of any expectation of a company's ability to meet the obligations of an on-going business as and when they fall due. The Bill proposes that the test should be whether or not a company was theoretically insolvent — that is, whether its liabilities exceeded assets — while it was trading.

Mr Lorenz said that if that test became law "few businessmen or competent professionals will be willing to take the personal risks involved in assisting such small companies to deal with the problems, which they, in the very nature of small companies, will face from time to time in their growth — particularly in the case of start-ups and young companies or those where turnaround or recovery activity is required."

The association maintains that many large groups—including banks with large portfelios of loans to Third World countries—would end up in insolvent liquidation if the decision was taken today to close them down. Assets which were properly valued in the books would fetch much less if sold by the liquidator, while fresh liabilities would arise, like the need to pay off staff, or the expenses of winding up the business.

Leyland to shut Irish offshoot

By Kenneth Gooding, Motor Industry Correspondent

LEYLAND VEHICLES, the BL subsidiary, is to close its assembly subsidiary in Ireland with the loss of 41 jobs.

Sales of heavy trucks over 3.5 tonnes gross weight) have halved to only 2,500 a year since 1980. Ford and Iveco, the Fiat subsidiary, have also stopped production in Ireland.

The subsidiary, which ence assembled vehicles from kits but has taken en other work in recent years, has suffered losses of about Ir£1m (£778,000) a year, Leyland says.

New Mercedes 190 on sale

BY JOHN GRIFFITHS

A HIGH-PERFORMANCE version of the Mercedes 190 saloon, which relies on Cosworth Engineering for its sophisticated, 16-valve cylinder head, is now on sale in the UK.

The 140mph-plus Mercedes 190 2.3-16, at a list price of £21,045 including taxes, represents a coup for Cosworth, based in the UK and best known for producing the Cosworth V8 racing engine, the most successful in grand prix history.

It is rare for Mercedes to go outside its own research and development departments for engineering technology.

However, Cosworth was primarily responsible for the development of the intricate cylinder head which provides the new car's extra power. It is also producing the heads for the West German car maker, using a new type of aluminium casting process for which it has claimed a technological breakthrough.

The castings are being produced by Cosworth Castings, a subsidiary set up at Worcester to operate a new £1m foundry which incorporates the new technology and which came en stream last year. The process involves low-pressure sand-casting able to produce very complex castings accurately.

Mercedes has already built more than 5,000 of the new cars and envisages an annual production ceiling of about 7,000. Only about 200 right-hand-drive versions of the model are expected to be delivered in the UK this year, rising to 400 in 1986. Mercedes sees the car as an image builder to attract buyers younger than the typical Mercedes customer, and who are likely to have bought cars by such rival makes as BMW.

Mercedes-Benz (UK) said yesterday there was strong demand for the car which has anti-skid braking as standard.

£650,000 boost for design

THE GOVERNMENT is to boost its support for design initiatives in industry and education by an extra £650,000 in 1985-86, Mr John Butcher, under-secretary for industry announced.

The sum, which supplements current design grants of £4.3m, includes an extra £500,000 grant to the Design Council and £150,000 over three years to develop design curricula in schools and colleges.

Law Lords rule out shares bid

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SEALED BID for shares offering "C$101,000 (£54,300) in excess of any other offer which you may receive" should not have been accepled, five Law Lords have ruled.

The bid was a referential one not permitted by the terms of the invitation to make offers for the shares, the Law Lords held, reversing a Court of Appeal decision.

The shares on effer were a 12 per cent holding in A. Harvey and Company held by the Royal Trust Company of Canada (CI). Sealed bids were invited from Harvela, a company representing members of the Harvey family, which held 43 per cent of A. Harvey's shares, and from Sir Leonard Outerbridge, on behalf ef the Outerbridge family, which owned 40 per cent. Each was assured thta the highest offer would be accepted.

Harvela offered C$2,175,000. Sir Leonard's offer was "C$2,100,000 or C$101,000 in excess of any ether which you may receive which is expressed as a fixed monetary amount, whichever is the higher."

The trust company accepted Sir Leonard's offer after being advised that it was a valid effer of C$2,276,000.

The High Court ruled out Sir Leonard's bid on the ground that it was referential; the Court of Appeal disagreed, holding that a referential bid had not been expressly or impliedly banned.

In the House ef Lords, Lord Templeman said that three provisions in the invitation to bid showed that the trust company's intention had been that there should be a fixed bidding sale and not an auction enabling one to bid to be adjusted by reference to another.

The trust company had undertaken to accept the highest offer, showing that it was anxious to ensure that a sale resulted.

The same invitation had been given to Harvela and Sir Leonard, showing that the trust company wished each of them, and nobody else, to have an equal opportunity to buy the shares.

The trust company had insisted that offers must be confidential and remain so until the offer time had elapsed. That showed that it wished to provoke from each bidder the best price, in ignorance of the rival bid.

If referential bids had been permissible, Harvela's only part in the sale had been unwittingly to determine the price at which Sir Leonard was to buy the shares. Harvela could not win and Sir Leonard could not lose.

There had been nothing in the invitation to warn Harvela that it must submit a referential bid if it wished to make sure it could compete with Sir Leonard, nor anything to indicate that Sir Leonard was entitled to make a referential bid.

Lord Templeman said that, to constitute a fixed bidding sale, all that had been to invite confidential offers and undertake to accept the highest. That the trust company had done. It followed that it should not have accepted Sir Leonard's referential bid.

هكذا من الأصل

June inflation held at 7% but July rise expected

BY PHILIP STEPHENS

THE ANNUAL inflation rate held steady at 7 per cent in June, but is expected to rise further this month before falling in the autumn.

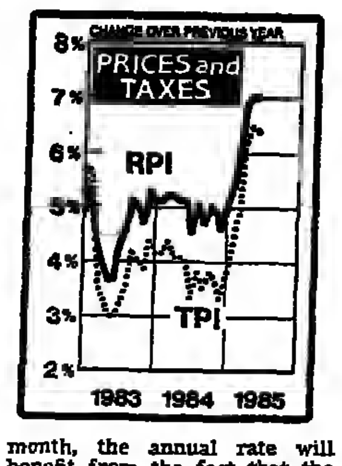
The Department of Employment said yesterday that the retail price index rose by 0.2 per cent last month, to leave the year-on-year rate of price increases unchanged.

In July, however, the annualised rise in the index may move above 7 per cent, largely because, in July 1984, prices fell.

Mr Tom King, the *Employment* Secretary, said the June rise was lowest monthly increase this year, and added that there were a number of favourable factors pointing to lower inflation later in the year.

The sharp rise in sterling's value during recent months has already been expressed in lower costs of raw materials and fuel. The competition from cheeper imports is expected to maintain downward pressure on prices charged by British companica.

Mr King said August would be a turning point in the overall trend of inflation. In that month, the annual rate will benefit from the fact that the rise in mortgage rates last year will drop out of tha year-on-year comparison.



Lower petrol prices and an expected fall in the cost of seasonal foods may also help to slow the pace of price rises in months to come.

Each reduction by 5p in petrol prices is estimated to reduce the retail price index by 0.1 per cent.

The Government's official forecast of annual inflation in the last quarter of this year is 5 per cent, although in recent speeches ministers have suggested thst the rate could be slightly greater.

The Government's concern is to preveot the current upward shift from having an affect on wage awarda in the autumn rouod of negotiations.

The Treasury has becoma more optimistic about the outlook for 1986, and expects annual price increases to be running slightly below its Budget forecast of 4½ per cent.

The inflation rate, however, is still well above thoae in main competitor countries, with the latest figures for the U.S., Japan and West Germany 3.7, 1.6 and 2.5 per cent respectively.

The Department said that the retail price index stood at 376.4 in June (Jan 1974=100), compared to 375.6 in May. The tax end price index, which measures the effect of price and tax changes on incomes, was 191.7 in Jnne (Jan 1978=100). 6.4 per cent higher than it was a year earlier.

Birmingham clears first Olympics hurdle

By Walter Ellis

BIRMINGHAM has been chosen as the official British applicant to host the 1992 Olympic Games. London had heen the favourita, and a *determined* bid was staged by Manchester.

The National Exhibition Centre and firm plans to build a 70,000-seat "superbowl" were among the reasons given yesterday by the British Olympics Association for its choice.

Voting was strongly in Birmingham's favour. It received 25 votes against five for Manchester and two for London.

But while Birmingham has cleared the first hurdle, it has to compete sgainst other cities, several of which have been preparing their bids for longer.

Barcelona remains the narrow favourite, and stiff opposition can be *expected from Paris*, Amsterdam and Brisbane. New Delhi is an outsider but it coped well with the 1982 Asian Games.

A final decision on the location will not ha taken until the autumn of next year, when the *International Olympics Committee* meets in Lausanne, Switzerland.

Birmingham's bid has been managed by Mr James Munn, a Scot, who has assemhled backers, both private and municipal, in the expectation that substantial profits can be made, in the manner of Los Angeles in 1984. Television rights will be crucial to the deal. The Olympics has heen essentially a television event for years, and the price paid for TV coverage should make the difference between financial success and failure.

Cowgill in attack on IBA chiefs

By Raymond Snoddy

MR RICHARD DUNN, 41, the director of production at Thames Television was yesterday appointed managing director.

The decision followed the formal announcement that Mr Bryan Cowgill, managing director for eight years, was leaving as a result of the five-month row over Dallas, the soap opera.

Last night Mr Cowgill attacked Lord Thomson, chairman of the Independent Broadcasting Authority, and Mr John Whitney, IBA director-general, for what he saw as improper pressure on Thames to make it give back Dallas to the BBC.

Mr Cowgill, a former head of news and current affairs at the BBC, said he was *concerned* that the hroadcasting hierarchy was second guessing the commercial decisions of programme makers.

"This time it's Dallas. Whst comes next, documentaries?" he asked.

He accused the IBA of threatening the future of Thames, the largest ITV company, unless the series was given hack to the BBC and attacked secret meetings between the IBA and the BBC on the issue.

He said that he was leaving on a point of principle hecause of the IBA's interference in the Dallas row.

Mr Dunn joined Thames in 1978 as personel assistant to Mr Jeremy Isaacs, then programme controller and now chief executive of Channel 4.

It is not clear yet whether Dallas will go back the BBC.

Worldvision, the Dallas distributor, is insisting that the BBC pays the $60,000 (£43,000) *an episode paid by Thames. The* BBC is refusing to pay such an amount and the Thames board *is* believed to be egainst *any* suggestion that it should make up the difference.

Public expenditure to be held steady in real terms

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT plans to hold public expenditure steady in real terms, until et least the end of the decade.

The Cabinet, on Thursday, not only confirmed the existing spending targets for the next *two years* but *also* decided *that* expenditure in the new planning year, of 1988 to 1989, should he held broadly at the 1987-88 level in real terms.

This reflects the Treasury's view that, by steadying expenditure, most of the financiel benefits of economic growth can be used to support tax reductions.

The current expenditure plans and contiouing economic expansion that is expected imply a reduction in public speoding's proportion in national incomes from 43.5 per cent in 1984-85 to 39.5 per cent in 1987 to 1988 — tbe lowest level for more than a decade.

This aim takes precedence over tha particular cash plsnning figures which can be changed if necessary, though the £139n target for 1986 to 1987 remains the focus of negotiations this summer and *autumn*.

The detailed breakdown of departmental bids shows that Environment, and Health and Social Security, account for a substantial part of the additional £6bn being sought. Tbe DHSS is seeking more than £1bn, largely to finance an increase this winter of Social Security payment, which is *higher* than expected.

The Defence Ministry is seek*ing* about *£400m more than is* in its existing plans, only in part to pay for salary rises for the armed forces.

A substantially greater amount is being sought by the Ministry of Agriculture, separate to the *EEC* budget, and *by* various employment and industrial support programmes.

Tbe *Treasury* is *keen to avoid* too mucb talk at present about flexibility in its targets, because it wants to see how closely spending can be restricted to the £139bn, in what are expected to be very tough negotiations.

Only in the autumn will Mr Nigel Lawson, the Chancellor, begin to consider whether there is scope for a small upward adjustment in the public sector borrowing target for 1986 to 1987. This is likely *to* be dependent on the inflation prospects.

Also, only then will ministers begin to debate how far any leeway will apply solely on raising income tax thresholds, or whether a limited amount could be used for s reduction in the basic rate of income tax.

DTI issues correction to audit document

Financial Times Reporter

THE DEPARTMENT of Trade and Industry yesterday issued a correction to its June consultative documeot which called for the elimination of statutory audit requirements for small owner-managed companies.

The document wrongly implied that it would be possible for the Government to enabla smsll companies to dispense entirely with need to prepare a profit and loss account and *directors' report*.

The European Community's Fourth Company Law Directive, on which that proposal was based, in fact allows small companies to prepare shortened accounts for shareholders. These must include a modified balance sheet, profit and loss account and directors' report.

However, it would still be possible to exempt small husinesses from filing statutory audited accounts with the Registrar of Companies—an option which the Government is still considering.

GLC by-election satisfies both Labour and Alliance

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

LABOUR and Alliance leaders eppeared yesterday to be drawing equal *satisfaction* from the results of a Greater London Council by-election on Thursday—the Alliance because they won, Labour because they lost.

For the by-election was in Vauxhall, fiefdom of Mr Ted Knight, *Left-wing* leader of Lambeth borough council, whose defiance of Labour Party policy on such issues as rate-capping and black sections have caused his party leaders no small embarrassment in recent months.

Mr Michael Tuffrey, the Liberal candidate, won the previously safe Labour seat with 4,600 votes, defeating Labour candidate Ms Lorna Boreland hy 388 votes. The Tories did not contest the seat on the grounds that the council is to be abolished next year.

The seat covers about the same area as that of the former parliamentary seat of Lambeth Vauxhall which Labour held with a majority of nearly 40 per cent in 1974 and nearly 20 per cent in 1979.

Mr David Steel, Liberal leader, was in no doubt yesterday as to the reasons for his party's success.

"Whatever gloss Mr Kinnock tries to put on his party's defeat. It shows clearly that the public has not heen hoodwinked hy his claims of unity and moderation," he said.

"The people of Vauxhall have given their verdict on the antics of their local Lambeth militant councillors."

David Steel: Public not hoodwinked hy Labour

Labour officials yesterday appeared to agree that the result was a verdict on the leadership of the Lambeth council. However, they pointed out that, while Lambeth has, in contravention of party rules, set up a special section for black members, this section played no part in the selection as candidate of Ms Boreland, a West Indian social services officer.

They also insisted that the defeat stood out in marked contrast to what they consider Labour's satiafactory performance in other recent local government hy-elections, such as that in *Putney—also* on Thursday night—which Labour held, in spite of another strong Alliance challenge. Labour now has a majority of two on the 92-strong GLC.

Communication planning waiver

THE GOVERNMENT has introduced measures to exempt telecommunications operators from certain planning requirements. This follows such companies aa Mercury having run into problems with local authorities which objected to the erection of microwave towers.

The rules affect British Telecom, Mercury, Cellnet and Vodaphone (tbe two cellular radio operators) and operators of local cable TV systems. The changes also will permit people to instal small dish aerials—of less than 90 cm diameter

New facility for Scots offshore industry

A big development for Scottish offshore industry and medicine has been announced by Mr Alick Buchanan-Smith, Energy Minister in Aberdeen.

The city's Hyperbaric Centre will help offshore *companies* penetrate deeper oil and gas fields in the North Sea and other waters and the centre's medical unit will provide an advance emergancy service for injured divers and a hase for medical research.

The £5m centre is jointly funded by the Aberdeen offshore service company, Seaforth Maritime, and the Scottish Development Agency.

Relph named head of film finance body

By Raymond Snoddy

MR SIMON RELPH, producsr of the film Weatherby, is to be*come* chief executive of the British Screen Finance Consortium.

The consortium is the private-sector successor to the National Film Finance Corporation, which was abolished this year hy the Film Act.

It is made up of Channel 4, Thorn-EMI, Rank and the British Videogramme Association. It will have more than £3m a year available to provide part of the finance for six to ten low to medium-budget British films a year.

Mr Relph, now producing the film Comrades for Channel 4 and the NFFC, is expected to take up his new job towards the end of thia year. It is believed that his salary will be more than £45,000.

There *are* still legal details to be sorted out in transferring NFFC assets to the consortium, which will probably not be ready to operate till near the end of the year. The first films could be chosan early next year.

The Government has committed £1.5m a year to the project for five years. Channel 4 and Thorn-EMI are contributing £300,000 a year, and Rank and the British Videogramme Association, which represents owners of video rights, £250,000 each.

A further £600,000 a year will come through the rights on the NFFC's portfolio of films.

Film-makers bave welcomed the choice of Mr Relph, who is one himself.

Margaret Hughes on the planned Nationwide merger with Woolwich

Partners weigh risks of a society wedding

AFTER KEEPING everyone in the building society industry on tenterhooks for 36 hours the Nationwide and the Woolwich formally announced their engagement yesterday.

And, as they both emphasised, it *is very much* an announcement of their "intention" to marry. They have seen the problems of other societies which have or are attempting to merge and are anxious not to make the same mistakes.

The biggest casualty of the game to date has been the aborted merger of the Leeds Permanent, the fourth largest society, with the much smaller Leeds and Holbeck.

It was called off earlier this year after questioning by the Chief Registrar of Friendly Societies which revealed that they had not followed the correct voting procedures.

The proposed merger of the Alliance and Leicester societies, which until yesterday's announcement by the Nationwida and Woolwich would have been the largest merger in building society history, has been plagued by opposition by staff associations. Particularly in the early stages they felt that they had not been kept sufficiently informed hy management.

The target date for the merger has been delayed from July 1 to October 1 and has still to be approved by tbe two aocieties' members who are heing lobbied hy the Alliance staff association at least, to oppose it.

Nationwide and Woolwich say they bave, therefore, been careful to discuss the merger with their respective staff associations and attribute the suspense of the preceding 48 *hours to the* need to do that.

Yesterday, the staff associations were adopting e neutral position, requesting additional information from their managemeots before making any public pronouncement.

There is little *doubt* that *in* many respects the societies are compatible partners. They have heen operating similar policies for some time.

Both charge a flat rate for all mortgages, irrespective of their size, and except for a hriaf period when the Nationwide bad a two-tier differential system, always have.

They both also pride themselves in offering cheaper overall mortgage rates than other societies. Their investment products are also broadly compatible end hoth have been reluctant players in the interest rate leap-frogging game.

Similarly, the two societies are heavily committed to their housing roles. Both operate separate bousing association companies, which are involved in the renewal of city centres and building sheltered homes for the elderly and lower income groups.

Hugh Routledge

Leonard Williams and Alan McLintock: Prospective chairman and deputy chairman, respectively.

They are particularly keen, once they are given new powers under upcoming legislation, to *to own and develop* land to provide rented property.

It is in this technological area where the two societies make less happy bedfellows.

They have recently made substantial investment in different computer *systems*—the Nationwide in Univac aand the Woolwich in IBM equipment.

Yesterday, the two societies srgued that by tha time they were merged it would be necessary to replace their *systems with second generation* equipment.

They have also gone in different directions with their proposed cash dispenser (ATN) networks. Here again they use different equipment but more importantly they are members of different—and at least for the time being conflicting—ATM networks.

A further problem which they have to confront is that when and if the merger goes ahead they will have the largest branch *network of any* building *sociaty*

While the future chief executive, Mr Melville Ross, stressed *yesterday* that this need not necessarily mean that any of these will have to close, the scope for rationalisation is conaiderable if the new society is to live up to its aim of heing efficiently run.

Both already claim a *high* level of efficiency with a management to expenses ratio in the region of 1.13 per cent in the case of the Nationwide and lower still at 1.05 at the Woolwich. Both spoke yesterday of the advantagea which they hope to echieve from economy of scale.

Another issue peculiar to building societies, as the National and Provincial is still finding out years after its merger, ia that their mergars are not mergers in the corporate sense.

As in this case, two societies simply combine, or, alternatively, the business of one ia transferred to another. The only payments which are made are by way of compensation to directors who retire early.

Only one of three general mangers at the Nationwide is anywhere near the retirement age of 65—and even then he is six years away—while at the Woolwich they are all but one in their 40s. At board level both now operate a retirement age of 70 but both have two directors who ere over that age who may now take early retirement. Of the remaining 11 the Woolwich has a further four who are aroond five years off the retirement age while the Nationwide has five out of 12 in the same age bracket, including tbe chairman-designate of the new society Mr Leonard Williams, who ia 65 against his deputy Mr McLintock, who is 60.

Hopes rise of mortgage rate cut

BY GEORGE GRAHAM

BUILDING SOCIETIES have begun to attract enough money from savers to meet mortgage demand, fuelling hopes that interest rates could fall by September.

In tbe first week of July, societies' net receipts topped £200m—more than half as much as they took in tha whola of Juoe.

Hopes of an immediate cut in mortgage ioterest rates were dampened, however, by the likelihood that net receipts would drop next month.

"A significant improvement is likely in July," said Mr Richard Weir, secretary-general of the Building Societies Association, "but the usual effect of new car sales will depress receipts again in August."

If bank base rates fall next week, as many societies expect, discussion of a mortgage rate cut is not expected until receipts for the whole of July are knowo. "A reduction in rates *is not too far away*," said Mr John Ellis of the Abbey Netional, the UK's second largest building society. He said a cut should be announced by September.

The Halifax, the largest society, said it was encouraged by the signals, but it warned that the inflow of funds since January had been very low and that interest rates paid to iovestors would have to remain competitive with the banks.

Building-society net receipts in Jnne were only £401m, significantly lower than tha association's initial estimate of £450m, made 10 days sgo. The figure *is more than* 50 per ceot down on May's receipts and 57 per cent below June 1984.

The decline is eccounted for partly by the second call for payments by British Telecom shareholders—the association estimates this made up £150m of the reduction—and partly by normsl seasonal factors.

The *association said it was* hard to attribute any of the reduction directly to the sale of shares in Abbey Life, the largest private flotation on the Stock Exchange to date.

The general level of interest rates remained virtually unchanged in June, but some societies made small improvements to beir terms. The focus of competition bas been on longer notice accounts and on larger investments.

A total of £2.12bn was lent to home-buyers in June, and a further £2.21bn promised to mortgage applicants. By the end of the month, societies were committed to *lending £5.7bn*.

Mortgage demand has declined slightly since May and is running at about 5 per cent below the level of a year ago. The association reports, however, that there are few instances of mortgage queues and that in general there is enough money available to meet demand.

Warning on Japan's aim in finance

By Walter Ellis

JAPAN'S ambition to expand its financial markets sector so that it matches more closely the country's 20 per cent share of world trade may take longer to fulfil than has been supposed, Lord Camoys, chief executive designate of Barclays de Zoete Wedd, said yesterday in Hong Kong.

He told a conference of tha British Invisible *Exports* Council that "Japan may find it more difficult to exercise her financial will than her industrial muscle."

Japanese investment bonses seemed no further forward in *their* efforts to achieve banking recognition in the UK than they were five years ago.

Lord Camoys said: "The Japanese attitude demonstrates a refusal to accept the growing synergy between all sections of financial businesses." Integrated securities and banking operations are the coming thing. It is irrstional that Japanese firms should be encouraged to take full edvantage of the freedom of overseas markets while resolutely refusing to permit similar freedom to international firms to compete in Japanese *markets*."

There had, however, been encouraging signs that the Japanese authorities hsd got the message. One was the edmission in June of nine foreign trust banking operations, *including Barclays*.

Lord Camoys said "Japan is capable of becoming an exporter of financial services and has an immense and developing market on her doorstep in South-East Asia and Australasia from which to launch herself upon global securities markets."

Medical research centre for Oxford

BY DAVID FISHLOCK, SCIENCE EDITOR

A £2.5m medical research centre is to he built at Oxford, under the aegis of the Medical Research Council, to help bring the *latest* discoveries of biotechnology to the aid of patients.

It is the idea of Prof David Weatherall, Nuffield professor of clinical medicine at Oxford University, who will direct the research centre, based on the site of the John Radcliffe Hospital at Headington.

Prof Weatherall, an authority on rare anaemias, is director of the MRC unit of molecular haematology, which will be part of the new *institute* of molecular medicine. It is expected to start work in 1987.

The MRC and the Wolfson Foundation are each contributing about £1m towards the cost of construction, with another £450,000 donated by the E. P. Abraham Trust, an Oxford charity whose funds come from royalties on sales of cephalosporin, an antibiotic discovered at Oxford University.

For the MRC, the institute is novel in being part-funded by medical charities.

But the council also plans to experiment in operating the institute as a "research hotel".

This implies that it is willing to accept research groups as guests while their work shows promise in helping patients, but will want them to make room for other research groups if expectations are not realised.

The plan is at first to accommodate four research groupa if expectations are not realised.

The instituta will complement the activities of the MRC's Laboratory of Molecular Biology at Cambridge, where some key discoveries in medical treatment bave been made.

The council is also strengthening the capability of its Clinical Research Centre at Harrow for putting these discoveries into medical practice.

Machine tool plant set to go ahead

BY IAN RODGER

YAMAZAKI, one of the leading Japanese machine tool groups, is finally set to go ahead with *its £30m machine tool factory* at Worcester.

The project, which will create 230 jobs, was due to start nearly a year ago. Mr John Shaw, director and general manager of Yamazaki Machinery (UK), said yesterday the delay had been largely due to the time it took to win European Commission approval for a £5.2m UK Government grant.

Other European machine tool makers had objected to the Yamazaki project. At one point, the commission blocked the grant, which was offered for the transfer of high technology for the manufacture of computer controlled lathes and machining centres.

Yamazaki plans to produce three types of lathes and three of machining centres at the Worcester plant. Output is scheduled to reach 720 machines a year.

The plant will have advanced manufacturing equipment and, under the terms of the grant, Yamazaki must make it accessible to industry for demonstration purposes. The EEC content of the factory's products must be above 60 per cent.

Greater energy saving urged to create jobs

By Maurice Samuelson

IMPROVEMENTS in the energy efficiency of huildings could create up to 150,000 jobs and save the UK about £6bn a year, says a report out yesterday.

The report, by the Policy Studies Institute, ia based on a survey of UK building stock which found that: only one in 10 homes has insulated cavity walls; one in two has adequate roof insulation; one in seven has windows and doors draught proofed; one in two bas any room thermostat and only two in three has a time clock on its central beating system; and only one in four has double glazing.

The report praises the declared intention of Mr Peter Walker, Energy Secretary, to boost the UK's energy-saving performance and his condemnation of public complacency.

But it also sounds a critical note, saying that "reliance on market prices, combined with advice, exhortation and some small financial support are insufficient."

What is required, it says, is greater commitment to remove institutional obstacles and to the creation of an environment which favours energy saving.

Less Fuel, More Jobs by Mayer Hillman and Alan Bollard, 92 pages (PSI 100, Park Village East, London, NW1), £3.50.

Cost of running parliament 'rising at twice the rate of inflation'

BY TOM LYNCH

THE COST of running the Houses of Parliament is rising at twice the rate of inflation, Mr John Biffen, Leader of the Commons, said yesterday.

He said during a debate on MPs' requirements for resaacb assistance and information technology that the total cost of parliament, excluding the *pay of MPs* and peers, had *risen* by 35 per cent to £48m in the four years to 1984-85, and the total cost of parliament had risen by 38 per cent in the same period. Public spending generally had risen by about 26 per cent in that period.

Mr Biffen said: "It is not a case of parliamentary squalor and public *affluence*. Parliament is not cash limited, therefore there is a need for conscious self-restraint."

He made no definite response to a cross-party subcommittee report on information technology needs. However, he said that recabling the buildings—necessary for the replacement of the obsolescent internal announcement system—would cost £5m. There would also be potentially substantial costs from adapting the Palaca of Westminster.

The committee had suggested that cabling for computers could be done at the same time, to enable MPs to be provided with terminals with capability for word processing, electronic mail and access to teletext and various data bases. It urged the setting up of a pilot scheme involving 36 MPs.

Mr John McWilliam, Labour MP for Blaydon, who chaired the sub-committee, rejected Mr Biffen's caution about the amount of money evailable. He said enough bad been saved on a new Commons telephooe switchboard to pay for the pilot computer project.

He told Mr Biffen: "What the Government is saying is 'We sball continue to be the executive and we are not going to give you the money to give you the information technology that will enable you to scrutinise effectively'."

Mr Ian Lloyd, Tory member of the sub-committee, said £5m seemed a small price in relation to the importance of enabling parliameot to function properly.

"We are in business, the business of government, which is the most important business in this land, and we will only discharge it with skill if we have all the tools we need to do the job," he said.

Mr Roger Gale, Tory MP for Thanet North, pointed to the word processors already used by the government and said MPs needed new technology to be able to "fight back" *against* the executive effectively.

Several MPs, notably Dr Jeremy Bray, for Labour in Motherwell South said membera should adopt e system which was both flexible and open to the public. He said many MPs already had microcomputers which they used *mainly* as word processors.

Instead of a system based on a mainframe computer, he said parliament should adopt a system allowing MPs to plug their micros into existing servicea and data bases through their telephone lines, and allow the public to usa the system.

He *warned* that many *computer* companies would "cheerfully stuff the House with techno-junk."

In exchanges about the cost of providing written answers to MPs' questions, Mr Biffen referred obliqnely to the number of questions put down by Mr Tam Dalyell, Labour MP for Linlithgow.

Mr Dalyell protested that the cost of questions would be less "if they were truthfully answered." He said his questions were mostly about policy, which involved ministers "using their brains" rather than going about the expensive business of collecting statistics.

Clerical section of NUM in talks on independence

BY JOHN LLOYD AND HELEN HAGUE

THE National Union of Mineworkers was faced with the threat of further splits yesterday. Its white collar section, Cosa, began an exercise in membership consultation on its future, and a small group of pit winders in Staffordshire decided to explore links with the "independent" union in Nottinghamshire and Durham.

A meeting of Cosa's general council in Derby yesterday decided to call on the section's branches up and down tha country to discuss their options in meetings over the next two months. These include independence for Cosa.

Mr Trevor Bell, Cosa general secretary, is to circulate a paper to his branches next week. This will outline the position since the new rule book was adopted by the NUM delegate meeting in Sheffield last week, and the resulting status of Cosa including its legal position.

A ballot of Cosa's 16,000 members is likely in September, on whether or not to remain in the NUM. There is little enthusiasm, however, for a close link with Nottinghamshire, but agreement on a loose federation is possible.

Mr Bell also assured his general council that the membership would be consulted on any future wage award, and on all future industrial action.

After the four-hour meeting, he said: "At present, we are asking our members to stay united within Cosa, and we shall then see whether further consultation is necessary. We are quite certain within our own minds that if our members want any other status, it will be as an independent organisation."

THE National Coal Board's South Wales area headquarters yesterday signalled the closure of the Markham colliery in Gwent with the loss of 520 jobs, writes Robin Reeves. The coal board told unions in Cardiff that the geology of the pit'a two faces had deteriorated so much that it would make more sense to move manpower elsewhere.

There is now strong feeling within Cosa against the NUM leadership, especially at rank and file level. Over the past months, it has lost several thousands of clerical members to the white collar union Apex, which now organises about half of the 11,000 clerical workers in the National Coal Board.

Mr Jack Longstaff, Cosa's Midlands organiser, described Apex's tactics as thosa of "bloody vultures." He is to press Mr Bell to register a complaint with the TUC.

The Staffs winders decided to seek alternative representation at a branch meeting yesterday. Mr Steve Higginson, the winders' branch secretary, said no decision would be taken until all branch members were consulted through an individual ballot.

Winders from all five pits in North Staffs were present at the meeting which empowered Mr Higginson to contact tha Nottinghamshire area leaders and with the breakaway group in Durham.

Mr Higginson said: "We want to disassociate ourselves from the NUM because the membership is totally dissatisfied with Arthur Scargill and the national executive, and are not prepared to be dictated to."

Hospital dispute to end

BY OUR LABOUR STAFF

THE 16-MONTH dispute at Barking Hospital, East London, will to all intents and purposes end next week when striking domestic staff call off their picket.

The 24-hour picket mounted almost entirely by women strikers made the dispute the most well-known of the health workers' unions' campaigns against the Government's contracting-out programme in the National Health Service.

However, their cause has seemed doomed sinca April when Redbridge Health Authority re-awarded the hospital's domestic services contract to Crothall, part of Pritchard Services, for a further four years.

The dispute began in March of last year when 82 domestics walked out over cuts in hours and pay. Crothall, the employer, admitted that cutting take-home pay by as much as 30 per cent had been the only way to break even after reducing its tender price from £367,000 to £211,000 under the new open competition.

Picketing of Barking Hospital will end on Wednesday with a "mass" demonstration.

Bid to avert rail action

BY OUR LABOUR STAFF

TALKS AIMED at averting further disruption on British Rail's Southern Region are to be held next week between regional management and branch officials representing train drivers.

Over the past week, drivers have abandoned trains in mid-shift—often during rush hours—in protest at new rosters which have scheduled working on their rest days.

The drivers say that the strikes, which are unofficial, are the only weapon they have to draw management's attention to the problem. They say that overtime on rest days—now cut down by the new rosters — is essential to produce a reasonable take home pay.

BR said last night that it hoped the new talks would avert disruption in the coming week, and pointed to the lack of action yesterday as a hopeful sign.

It said the new rosters were permitted under the existing union agreements. The stations affected have been Charing Cross, Victoria, London Bridge, Streatham Hill and Addiscombe.

ECONOMIC DIARY

TOMORROW: Department for National Savings' monthly progress report (June). Bolivian general election.

MONDAY: Retail sales (June—provisional). EEC Agriculture Council meets in Brussels (until July 16). Mrs Margaret Thatcher to address opening session of the American Bar Association annual conference at the Royal Albert Hall. International Whaling Commission opens in Bournemouth (until July 19).

TUESDAY: Index of output of the production industries (May). Public sector borrowing requirement (June). Second round of U.S.-Soviet arms talks ends in Geneva. Mr Tom King, Employment Secretary, to address CBI unemployment conference at Centre Point. U.S. industrial production (June).

WEDNESDAY: Cyclical indicators for the UK economy (June). Industrial and commercial companies capital account and net borrowing requirement (first quarter). Average earnings indices (May—provisional); employment, hours and unit wage costs. GATT Trade Body Council meets in Geneva. British Rail annual report. Council of Local Education Authorities annual conferenca in Loughborough (until July 19).

THURSDAY: Preliminary estimate of consumers' expenditure (second quarter — provisional). London sterling certificates of deposit (June). UK banks' assets and liabilities and the money stock (mid-June). OAU economic summit in Addis Ababa. U.S. gross national product (second quarter).

FRIDAY: Institutional investment (first quarter).

Employers optimistic in spite of Joseph stand on teachers' pay

BY DAVID BRINDLE, LABOUR STAFF

THE GOVERNMENT will make no further concessions to help fund a pay deal giving teachers a cumulative rise of at least 7.5 per cent by next spring, Sir Keith Joseph, Education Secretary, told employers' leaders yesterday.

The minister'a re-statement of the Government position is, however, unlikely to prove an insuperable obstacla to the pay package which, employers believe, could form the basis of a settlement of the five-month schools dispute.

More serious is the attituda of the National Union of Teachers, the largest union involved. Reacting to the employers' claim that the package could give some lower-paid teachers as much as 11 per cent by the end of the current pay year on March 31, the NUT yesterday poured cold water on speculation of a settlement.

Mr Fred Jarvis, the general secretary, said: "Even when the figures are dressed up, the increases the employers are canvassing fall far short of the amounts necessary to make a serious start in the restoration of the erosion of teachers' pay levels."

The package was tabled informaly late on Thursday night at the end of day-long pay talks in the Burnham Committee. In spite of Mr Javis's caution, the unions have acknowledged that the proposals represent progress and are considering them before Burnham resumes next Tuesday.

The proposals are based on a salary increase of 5 per cent or £480, whichever is the greater, backdated to the settlement date of April 1.

Of the 440,000 teachers, about 250,000—those on the bottom two of the five pay scales—would receive the flat-rate £480 rise. This would give the lowest-paid teachers immediate increases of up to 8 per cent.

The cost is put by the employers at 5.4 per cent of the salariea bill and, the unions point out, it is the only guaranteed money.

The second element would be a further rise of 1 per cent (of pre-April pay levels) for all teachers from November 1. There would be merger of the bottom two pay scales, with effect from September 1.

The final element of the package would be a further precentage rise from March 1, having effect for only the last month of the pay year but taking the cumulative pay increase, or above, the 7.5 per cent figure which has come to be regarded as the unions' "bottom line."

Two in dispute: Sir Keith Joseph (left), Education Secretary, and Mr Fred Jarvis, general secretary of NUT.

The second and third instalments would be conditional on the unions agreeing by October 8 to a statement of agreement in principle on a new teacher contract.

Sir Keith has won Cabinet approval for extra funds, thought to be worth 2.5 per cent of the pay bill, for teachers' pay in 1986-87 if agreement on an acceptable contract can be reached by October. After that time, he says, the rate support grant paid to the 104 education authorities cannot be adjusted.

The employers regard the fact that the unions did not on Thursday reject their proposal for concurrent talks in separate committees on the pay and conditions aspects of a new contract as perhaps the most significant breakthrough in the talks.

The official line of the Labour-led employers is that the package stands or falls on the Government's willingness to contribute more funds towards its cost of about 6 per cent this year and to ease authorities' grant penalties in 1986-87 to facilitate the "end-loading" of a further 1.5 per cent.

In this sense, Sir Keith's reaction yesterday would seem to undermine the package. He told the employers at a meeting arranged by Mr Giles Radice, Labour's education spokesman, that the Government would do nothing more to assist them over and above the standing offer of extra funds for 1986-87 on the basis of a new contract.

Privately, the employers expected nothing more and are anyway banking on the Government fulfilling the widely-expressed prophesy that it will abolish the existing grant penalties system next year.

Significantly, Mr John Pearman, acting leader of tha employers, said after the meeting with Sir Keith that he waa still optimistic of settling both the teachers' dispute on Tuesday and the college lecturers' dispute the previous day.

Others are less sanguine. The NUT remains instinctively averse to negotiations on a new contract that would involve a trade-off between pay and conditions. The union's rules make it unlikely that a conference to approve a pay deal could be held before late September.

The head teachers' associations, which yesterday petitioned Sir Keith for independent pay talks in future, fear that the flat-rate element of the offer would seriously erode their pay differentials.

Education Department officials believe the employers are getting carried away at the prospect of settling both disputes before the summer holidays.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday July 13 1985

A case of confusion

THE MOST significant development for the UK economy this week was undoubtedly the sharp fall of the U.S. dollar against against all the main currencies. If U.S. economic statistics continue to confirm a softening of the economy, the dollar's slide is likely to continue.

Since many experts estimate the dollar is up to 40 per cent overvalued, it could fall a long way—although the speed of the decline and the number of temporary rallies are anybody's guess.

But if the dollar's slide was the most important event of the week, it was certainly not the most interesting. That prize must go to what can only be described as the interest rate cut that wasn't.

British monetary policy has been envelopd in clouds of confusion for months but yesterday it descended almost to the levels of soap opera.

On Thursday, the Bank of England, having received the customary instructions from the Treasury, cut its money market dealing rates to signal to clearing banks that base lending rates should come down half a percentage point.

Citibank, a new boy in the British clearing system, dutifully obliged; the other clearers, even by yeserday's close, had not.

An interest rate cut is still expected on Monday but the longer the delay the greater the risk of a slip between cup and lip: conceivably some bearish news for sterling over the weekend—another oil price scare perhaps—could snatch away the prospect of even slightly cheaper money in the UK.

Officials are doubtless irritated by the delay. It is true that ministers once argued that markets rather than politicians should determine the level of interest rates. But that was several years and many twists in monetary policy ago.

'Middle way'

The confusion over interest rates is not an isolated event. Perhaps it is the mid-summer heat, but there seems to be an unnatural number of squabbles over economic policy.

The frostiness between the Bank and the commercial banks over interest rates follows hard on the heels of the Treasury's earlier public quarrel with the Confederation of British Industry over the exchange rate, cost of money and level of pay awards. Also, in the wake of the Brecon and Radnor by-election defeat, the battle between Cabinet "consolidators" and "radicals" is hotting up.

The decision to delay to the autumn any serious discussion of public spending looks at best like a holding operation on the part of the radicals.

This impression is strengthened by the new softer line of the Prime Minister and the Chancellor. A year ago Mr Nigel Lawson was comparing unemployment with crime as social problems about which governments could do very little. The idea that higher borrowing or public spending could help in any way was uncompromisingly ruled out.

Now Mr Lawson talks of the "middle way"—although he has denied no less than three times that any sort of gradual U-turn is taking place.

In the Commons this week, Mr Neil Kinnock, the Labour Leader, was able to make the Prime Minister distinctly uncomfortable by demanding to know whether she was proud or ashamed of the 15 per cent rise in public spending since 1979.

But perhaps the clearest evidence that the radicals are running scared came with the Cabinet's refusal to allow Sir Keith Joseph, Education Secretary, to publish his discussion paper advocating loans for students as a partial replacement for grants.

Arguments

This comes all too soon after the decision not to legislate next session for even a modest loosening of rent controls.

The Government ought not to be inhibited from contemplating such obvious economic reforms; there is little evidence that radical measures of this sort, coupled with appropriate social policies, would be unpopular with the electorate as a whole.

At the mid-term of this parliament, the Government can take credit for some solid economic achievements—steady economic growth since 1981 and much better control of inflation than in the 1970s.

On the other hand, some of the intellectual baggage it brought with it in 1979 is looking distinctly dated. The public sector borrowing requirement is increasingly criticised as an effective measure of the fiscal stance—notably by Mr Roy Hattersley, the Shadow Chancellor, in an interesting speech yesterday—while the gyrations of sterling M3, originally the favoured measure of money supply, have brought monetary and interest rate policy into dispute, if not disrepute.

The Social Democrats are about to unveil tax reform plans which have a greater overall coherence than anything yet proposed by the Chancellor.

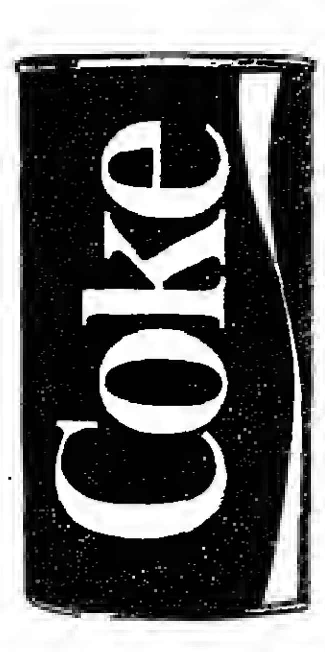
All these challenges, coupled with the difficulties of managing a medium-sized open economy in the turbulent 1980s, could encourage the Cabinet to adopt the bunker mentality favoured by the consolidators.

The hope instead must be that the radicals will gather their wits during the parliamentary summer recess, refashion old policies to meet new needs, and not shy from common sense microeconomic reforms on the alleged grounds of their electoral unpopularity.

U.S. SOFT DRINKS INDUSTRY

How Coke swallowed its pride

By William Hall and Paul Taylor in New York



TOP U.S. SOFT DRINKS

MARKET SHARE %

Brand	Manufacturer	1983	1984
Coke	Coca-Cola	24.8	21.7
Pepsi	PepsiCo	18.1	18.8
Diet Coke	Coca-Cola	4.1	5.4
7-Up	Seven-Up	5.4	5.1
Dr Pepper	Dr Pepper	5.2	4.5
Sprite	Coca-Cola	2.8	3.6
Diet Pepsi	PepsiCo	2.2	3.0
Mountain Dew	PepsiCo	2.7	2.9
Pepsi Free	PepsiCo	1.5	2.0
Diet 7-Up	Seven-Up	1.3	1.8

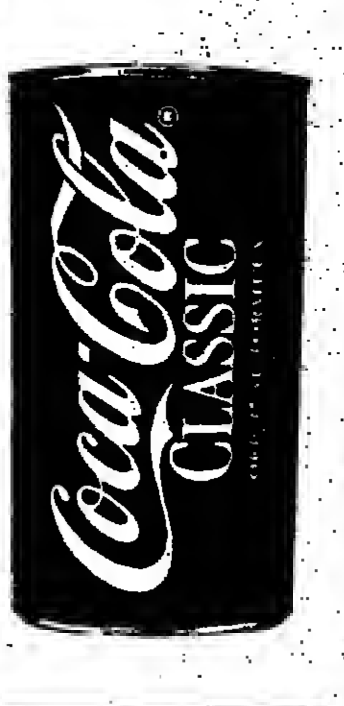
Sources: Beverage Digest & Industry estimates

MARKET SHARE OF TOP FIVE MANUFACTURERS

(1976-1984)

	1976 %	1979 %	1981 %	1984 %
Coca-Cola	36.7	36.9	37.1	39.2
Pepsi-Cola	22.4	25.8	26.7	27.4
Seven-Up	7.4	6.7	6.4	7.2
Dr Pepper-Canada Dry	9.7	10.2	10.6	9.5
Royal Crown Cola	5.5	4.5	4.2	3.3
Others	18.3	15.9	15.0	13.4
Total industry	100.0	100.0	100.0	100.0

Source: Oppenheimer & Co



COCA-COLA'S decision three months ago to tinker with the taste of the world's most famous soft drink could go down as one of the great marketing fiascos of all time.

This week the $7.5bn consumer product giant admitted it had blundered. After angry telephone calls, telegrams and latters from "Coke loyalists" had deluged its Atlanta, Georgia, headquarters, Coca-Cola bowed to the groundswell of protest which had swept across America — and reintroduced the old formula under the new Coca-Cola Classic label.

Mr Roberto C. Goizueta, the 53-year-old Cuban born chairman of Coca-Cola, concedes that when on April 23 the company changed the taste of Brand Coke for the first time in 99 years. "We had no intention of bringing back the old formula." At that stage a beaming Mr Goizueta had told a flashy New York launch gathering "the best has been made even better."

But a more sombre Coke chairman now observes: "The simple truth is that while we knew there would be some concern, we did not expect the broad base of interest and the consumer pressure." Coca-Cola's traditionally conservative senior management, had found to its horror that a very sizeable segment of Coke drinkers, particularly in its southern U.S. heartland, had rejected the new drink.

The new sweeter tasting Coca-Cola, as far as they were concerned, was no longer the "real thing," the company's enormous world-wide customer base was no longer "singing in harmony."

An estimated 150m people in the U.S. and Canada have supped the new Brand Coke since its launch. But according to one survey reported by Advertising Age, the leading U.S. marketing magazine, 59 per cent said the original version tasted better while only 13 per cent liked the new taste. The rest preferred the offering of arch-rival Pepsi-Cola.

Up and down the country die-hard Coke drinkers let the management know their feelings. They set up protest groups and threatened to sue the company. Some hoarded the old product, others sold the original Coke at black-market prices and entrepreneurs shipped short supplies across the nation.

A few even considered going overseas in search of the fizzy brown liquid first brewed up by a patent medicine salesman called Dr John Pemberton in a three-legged brass pot in 1886.

Gay Mullins, a retired hotel owner in Seattle, won instant fame by forming a dissident group, the Old Cola Drinkers of America, to try to force the company to reconsider its decision to consign the original Coke formula to a steel vault in the bowels of the Trust Company of Georgia.

Mr Don Keough, Coca-Cola president, describes the consumer response as a "humbling lesson" which Harvard Business School professors will probably spend years examining.

"It is a wonderful American mystery. It's a lovely enigma and you can't measure it any more than you can measure love, patriotism or pride," he says.

The deep-rooted emotions which Coke loyalists expressed in thousands of letters appear to have been a major factor in Coca-Cola's stunning about-face.

A nurse told Coca-Cola that the drink had been her lifeline. She even drank it to cure morning sickness when she was pregnant. One abusive letter read: "Changing Coke is like God making the grass purple, putting toes on our ears or teeth on our knees."

Among the most emtionally charged letters was one from a California woman who likened changing the recipe to "burning the flag in our front yard." Another patriot wrote: "Coke has always been like apple pie and Mom, something you could count on. I am glad the person who came up with the idea was not around when the Mona Lisa was painted. He probably would have said her smile was not big enough."

The company's climb down—approved at a board meeting on Monday—brought an equally amazing response. ABC, one of the three U.S. television networks, felt the news sufficiently significant to break into "General Hospital," one of America's most widely-watched soap operas.

In the Senate, a quorum count was interrupted by a Senator from Arkansas who insisted on reading the wire service story on the change of heart into the Congressional record for postcrity.

The Coca-Cola switchboard, which had to be staffed up to handle upwards of 1,500 protest calls a day since the old formula was scrapped, was suddenly deluged with calls of a different nature. Within a matter of hours, 15,600 congratulatory calls had been received.

But at the New York headquarter's of Coke's deadly competitor, Pepsi-Cola, the news was greeted with derision. The company, which took out full-page newspaper advertisements when Coke announced its new taste, boasting that "after 87 years of going at it eyeball to eyeball, the other guy just blinked," declared another victory.

At a press conference the next day, Pepsi-Cola USA's crowing 40-year old chairman, Mr Roger Enrico, declared: "Consumers across the country have clearly voted New Coke the Edsel of the '80s and have reconfirmed that Pepsi-Cola is the real gold standard for soft drinks in the United States."

Like Ford's infamous Edsel car, Mr Enrico claimed New Coke had been an unmitigated marketing flop. "This is the most graceful way Coca-Cola could find to back away from what has been a disaster for them in the market place," he says. In a sly jibe at Coca-Cola's harassed executives, he suggested they borrow the slogan of the much-smaller rival Dr Pepper company which sells its product as "the most misunderstood soft drink."

Although new Brand Coke shipments in the first month rose by 8 per cent, or twice as fast as normal, Coca-Cola admitted that the volume of its new drink the following month only matched that of a year earlier and generally fell far short of the company's expectations.

But Coca-Cola executives are far from ready to concede defeat in the riskiest market gamble in the company's long history.

They insist that the company, and its 500 bottlers across the States, remain deeply committed to the "flagship" Brand Coke, which will be marketed along with Coca-Cola Classic, and say plans for the international "roll-out" of the new formula Coke this autumn will not be affected.

They deny they are "trying to camouflage a failure" and insist that they are simply providing customers with "another option."

What they do concede is that, despite the most exhaustive and detailed market research efforts in the company's history, consumers can still be awfully fickle.

"All the time, money and skill poured into consumer research could not reveal the depth and the emotional attachment to theoriginal Coca-Cola that was felt by so many people," says Coca-Cola's president.

Despite the results of 190,000 individual blind taste tests conducted before the launch of the New Coke flavour—tests which revealed an almost two-to-one vote in favour of the new recipe — when the choice was removed, Coke fans changed their minds.

Mr Goizueta emphasises: "We listened to them and now we are satisfying their needs, frankly to maintain their business and very importantly their friendship.

"We do not view this as a defensive move. It is very much an offensive move. Our business and the business of our company is to satisfy more consumers and sell a heck of a lot more soft drink in the process. It is that si mple. There is nothing magical."

Although accepting that "the public has won a victory over a corporation," Coca-Cola believes it may also have stumbled upon a new segment of the $22bn-a-year American soft drink market.

By exploiting demand for both the old and thenew Coca-Colas, the company believes it can grab a significantly larger market share. Some Wall Street analysts have even suggested that Coca-Cola's about-turn was a pre-planned Machiavellian market ploy—gaining lots of free publicity in the process. The new Coke was designed to attack Pepsi's strong hold over younger people —while Coca-Cola Classic would appeal to older Coca-Cola drinking veterans.

"Some might say Coca-Cola made a mistake, cynics might say we planned the whole thing," says Mr Keough. "The truth is we are not that dumb and we are not that smart."

Nevertheless, Coca-Cola is promising a "significant" increase in its overall share of the Cola market. The company predicts: "By the end of the year more than half the colas consumed in this country will bear the trade mark of Coca-Cola."

Already one in three soft drinks sold in America come out of the Coca-Cola stable. Aside from the Brand Coke, the company sells Diet and caffeine-free colas, Tab, Sprite and has recently introduced Minute Maid Orange Soda and Cherry Coke.

But Coca-Cola will still have a real battle on its hands. Pepsi-Cola has been chipping away at Brand Coke's market share, particularly in the highly competitive supermarket segment worth an estimated $10bn.

According to Pepsi, its share of this market rose from 19.4 per cent to 19.6 per cent last year while Brand Coke's share fell from 19 per cent to 17.9 per cent.

Some Wall Street analysts believe that Coca-Cola Classic will split Coca-Cola's customer base, allowing rival Pepsi to become America's number-one soft drink for the first time in its history.

This is clearly what Pepsi-Cola's Mr Enrico is hoping. "Some people suggest that the sum of the parts will be greater than the whole. However, I would suggest that it is a greater possibility that there will be a divide-and-conquer situation.

"The market positioning and imagery of the products will be very difficult to get across and there are many practical considerations associated with vending machines and restaurants and how to allocate store space for the competing products.

"People are going to be confused whether they are in Atlanta or Tokyo," he argues. "I frankly have some serious doubts whether these products are going to be rolled-out internationally."

For the moment, Wall Street appears to be backing Coca-Cola in the upcoming "Cola Wars." The company has already won plaudits for moving so quickly to rectify its mistake and for its recognition that the consumer is king.

At the same time, analysts note that Coca-Cola has tremendous financial strength—it earned $629m in profits last year—a powerful bottling and distribution system and, until now at least, an impressive and uncertained marketing track record.

Many industry experts believe the real losers in any Cola war could well be the smaller soft-drink manufacturers caught in the crossfire between Coke and Pepsi. These companies are already under attack because of the panoply of new products being rolled out by the two industry giants.

Reflecting this, Coca-Cola's share price reached a 12-year high this week.

HOW THE 'REAL THING' BECAME A CLASSIC

April 23. Coca Cola stuns the world by announcing a new sweeter tasting coke—the first major change in 99 years. Arch-rival Pepsi-Cola says Coca-Cola's move proves it is winning the taste battle and declares a one-day holiday for its employees.

My 8. Cases of the original Coca-Cola are selling for up to $30.

May 28. Gay Mullins sets up Old Cola Drinkers of Aemrica. Early June. Coca-Cola is swamped by protest calls; asks switchboard workers to put in overtime on a New Coke hotline.

Mid-June. Coke claims its new flagship brand is a success but concedes it is receiving 1,500 protest telephone calls a day.

July 1. Advertising Age Sorvey reveals that only 13 per cent of those who have tasted the new Coke prefer it.

Monday, July 8. Coca-Cola secretly decides to reintroduce the old Coke under the Coca-Cola Classic name.

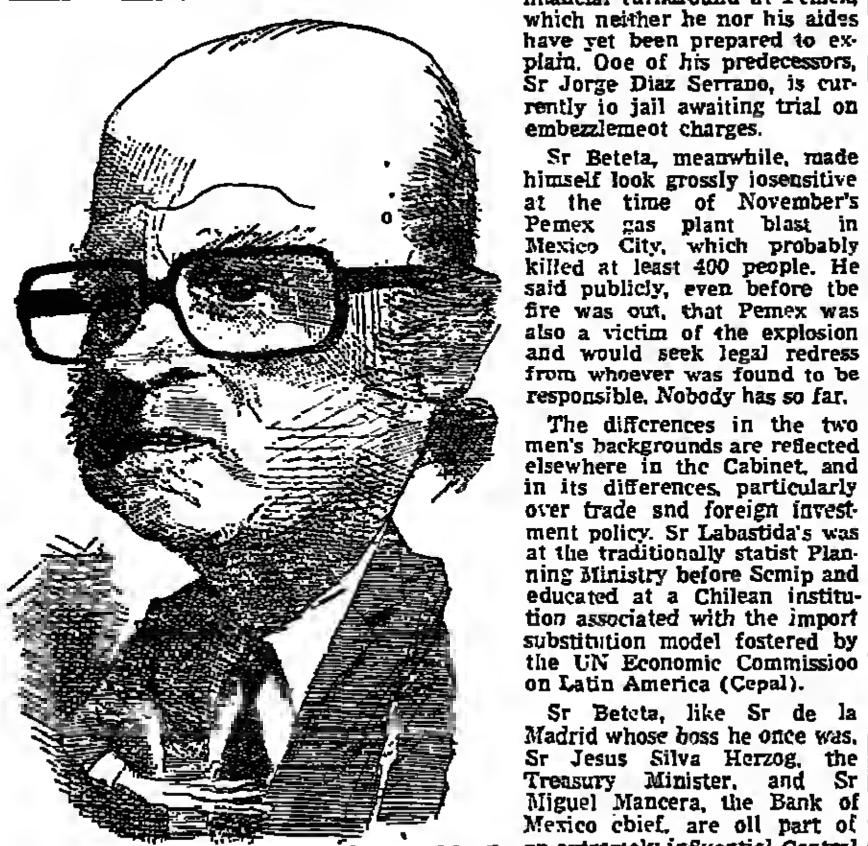
Wednesday, July 10. Coca-Cola's share price hits a new 12-year high after the company sets a press conference to announce oca-Cola Classic.

Man in the News

Francisco Labastida

Mexico's oil man on the spot...

By David Gardner in Mexico City



WHEN MEXICO finally lost patience with Opec this week, it was a particularly hard blow for Sr Francisco Labastida Ochoa, the Energy, Mining and Public Sector Industry Minister.

Though the tone of the carefully-worded communique signalling the break was very much of the more-in-sorrow-than-in-anger genre, it leaves little doubt that the strategy of alignment with the ramshackle oil cartel, pursued in the interests of price stability, now lies in ruins.

Oil in Mexico is almost a synonym for national sovereignty. It currently provides 70 per cent of export revenue and 45 per cent of Treasury receipts. But ironically most of this revenue goes towards the debt service bill on the $96bn foreign debt.

The turn away from Opec (of which Mexico, of course, has never been a member) cannot be construed otherwise than as a blow to Sr Labastida's prestige. As the main standard bearer of the alignment strategy followed over the past 18 months, albeit with strong backing from the Foreign Ministry, he appears to have got the worst of the policy debate with the more market-oriented faction of President Miguelde la Madrid's administratino, which includes the President himself (who also has to arbitrate), the Treasury, the Bank of Mexico and Pemex, the state oil monopoly.

"Opec, it seems, has not got very much to offer Mexico," a Labastida aide and hitherto vigorous proponent of the alignment strategy said 10 days ago.

Disenchantment has grown steadily since February, when Mexico answered the $1 cut in Opec's Arabian light marker crude with a $1.25 reduction in its own Isthmus light. Sr Labastida was infuriated by suggestions that this was an attempt to undercut Opec and on returning from that month's meeting in Geneva, gave a series of interviews to foreign news agencies expressly to rebut them.

Sr Labastida's ministry, for which the Spanish acronym is Semip, has argued in essence that temporary market weaknesses cannot be allowed to interfere with the grand design, of pre-set, Opec-related pricing and sales exclusively to term customers.

His opponents, and in particular Sr Mario Ramon Beteta, the Pemex chairman, have argued for a radical turn towards the market—even, Western diplomats contend, to the extent of occasional sales on the spot market, the ultimate heresy among Mexican oil politicians.

The marketeers' tactics have been expensive for the country: instead of pressing home their argument they appear to have been content to let the market win it for them. Of the $900m Mexico is estimated to have lost in oil revenues in the first balf, about a third is because of price cuts and two-thirds the result of impatient clients delaying liftings.

Yet Mexican politics is never quite so clean-cut. It is entirely characteristic, for example, that this week's communique announcing the package should be printed under the letterhead of Semip, which is energy overlord, but delivered in a Pemex envelope (it is also characteristic that this should be followed by a particularly banal Pemex handout describing the paternal conversation of Sr Beteta—a man reliably reported to have presidential ambitions —had with a group of 40 primary school children at a provincial refinery school the next day).

Despite the emphasis on the need to accommodate oil-market conditions, Semip this week use dthe opportunity of the new pricing package forcibly to restate most of the traditional premises of Mexican oil policy:

Though the balance has shifted inside the oil policy debate, both Sr Labastida and Sr Beteta are vulnerable outside it. Sr Labastida's ministry is responsible for 52 public sector companies where large spending overshoots have swelled the increasingly intractable public deficit. By contrast, Sr Beteta has achieved an astonishing financial turnaround at Pemex, which neither he nor his aides have yet been prepared to explain. One of his predecessors, Sr Jorge Diaz Serrano, is currently in jail awaiting trial on embezzlement charges.

Sr Beteta, meanwhile, made himself look grossly insensitive at the time of November's Pemex gas plant blast in Mexico City, which probably killed at least 400 people. He said publicly, even before the fire was out, that Pemex was also a victim of the explosion and would seek legal redress from whoever was found to be responsible. Nobody has so far.

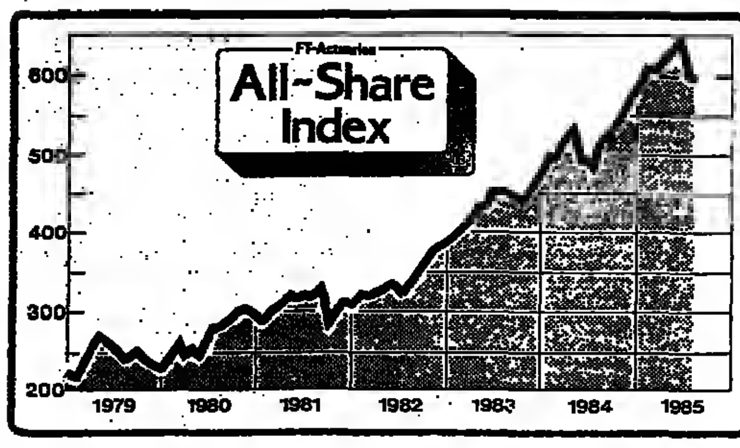
The differences in the two men's backgrounds are reflected elsewhere in the Cabinet, and in its differences, particularly over trade and foreign investment policy. Sr Labastida's was at the traditionally statist Planning Ministry before Semip and educated at a Chilean institution associated with the import substitution model fostered by the UN Economic Commission on Latin America (Cepal).

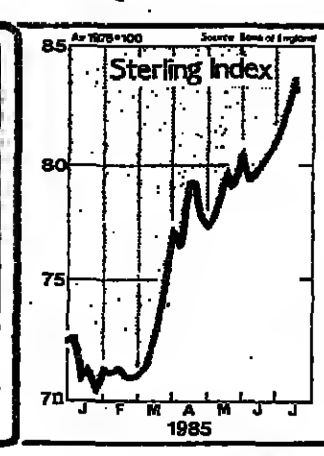
Sr Beteta, like Sr de la Madrid whose boss he once was, Sr Jesus Silva Herzog, the Treasury Minister, and Sr Miguel Mancera, the Bank of Mexico chief, are all part of an extremely influential Central Bank-trained group of orthodox but pragmatic economists. All studied at Yale except Sr de la Madrid, who went to Harvard.

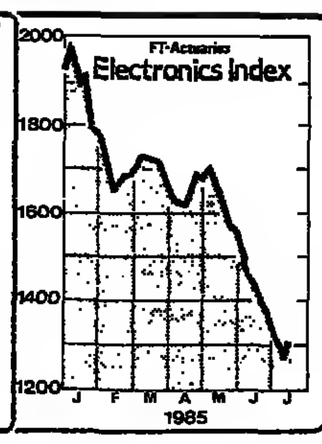
It is rarely clear, at least not for long, which faction is in the ascendant. But the oil price crisis has been handled with greater dexterity than the 1981 fiasco. Two-thirds of sales volume was lost in July of that year (a revenue loss for the year of around $7bn) as Mexico cut its prices, then sacked the head of Pemex for doing so, put them up again, and was then forced by the market to cut once more.

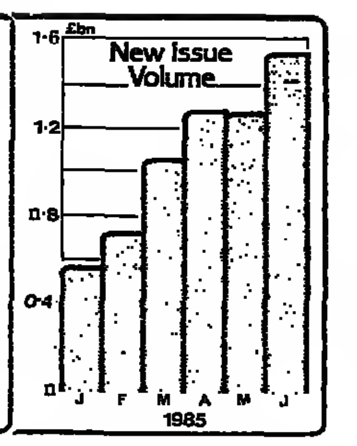
This time, a plausibly united front has been presented to the world and the rot was stopped when the volume loss for June had reached less than half of targeted sales.

UK EQUITIES









Why the market has been in retreat

By John Makinson

IT HAS been a miserable month. Since June 5, when the FT All-Share Index struck a new high of 644, London's listed companies have shed more than 7 per cent of their paper value. In one of the sharpest and most sustained setbacks since 1975, the Index has surrendered virtually all the gains made in the first five months of the year.

In the last two days the market has regained, if not its sang froid, at least a little equilibrium. The Stock Exchange's price display screens, which have been a mass of red almost every morning for the past month, were yesterday showing a more cheerful combination of red and blue. Stock market analysts have emerged from their bunkers to declare that the fall may be nothing more than a temporary interruption of London's 10-year-old bull market. Corrections of this kind have been seen before—in the summer of 1979, the autumn of 1981 and the spring of 1984.

Whether the record books eventually interpret the past month's fall as an overdue correction or as the harbinger of a bear market, there is at least a firm consensus about what went wrong. Three themes stand out.

● Electronics. It was the shake-out in this sector which turned the market sour in early June. Bad news had been trickling out of the industry for at least a year, as evidence accumulated that British Telecom was taking a tougher line with its suppliers and that the Ministry of Defence was becoming more conscious of the high profits it was handing out in its contracts. Racal, Plessey and STC all emerged with disappointing announcements.

But the renewed fall in early June was altogether more deep-seated. The market began to worry that the industry would simply not adjust to the rapid structural changes in computers, telecommunications and semiconductors.

The market's worst fears were subsequently borne out by a series of depressing profit statements—from Racal and GEC—and by even more lugubrious forecasts from STC and Thorn EMI. The message from the electronics industry rapidly infected the rest of the market. If electronics was finding it hard to keep up with the international competition, then perhaps the same would be true of other sectors of the manufacturing economy. Mr George Dennis, director of securities investment at Postel, counts among the pessimists: "Structural change is taking place so rapidly that we cannot get economies of scale in this country. The market has not yet discounted the full extent of the problem."

● New issues. The selling sparked off by electronics coincided with an unprecedented volume of new equity issues. The London market has been apprehensive throughout the year about the number of companies seeking to raise fresh equity capital. Even in early June, it looked likely that the combined requirements of the Government and the private sector would amount to as much as £9bn, roughly £2½bn more than the institutions would normally commit to new equity.

But no one had expected that June would be such a heavy month. On June 10 Hanson Trust announced that it was seeking just over £500m in a combination of equity and convertible preference shares. Simultaneously, Abbey Life was raising £242m through an offer for sale and the Government was sending out reminders that £1.2bn was due as the second payment for British Telecom shares. Taken together with several smaller issues, it was simply too much. The selling accelerated and the Hanson rights issue flopped.

● Sterling. During the first five months of the year the market had been supported by widespread confidence that corporate profits—while not matching those of 1984 — would grow strongly enough this year to justify average dividend increases of 12 per cent or more. On June 12 that confidence was badly shaken by results from a single company — Beecham. Analysts had failed to appreciate the dramatic effect which sterling's appreciation in the second fortnight of March would have on Beecham's full-year results. The profits statement disappointed, the Beecham share price fell 7.4 per cent in a day and the analysts went back to the drawing board.

Worries about the effect of exchange rate movements on this year's earnings have not been allayed by the subsequent rise of the pound against both the dollar and the European currencies. Sterling has appreciated by almost 15 per cent against the D-mark since January while it is no more than a few months since it was threatening to reach parity with the dollar. This week the pound briefly touched $1.40.

According to Mr Kenneth Inglis, the equity market strategist at stockbrokers Phillips and Drew, roughly 40 per cent of the profits of the Industrial Group of the All-Share Index are earned overseas and a further 10 per cent come from UK exports. A one percentage point change in the overall value of sterling affects corporate profits by three-quarters of a percentage point, he reckons.

So forecasts of 1985 profits are now being cut. Some brokers expect that industrial companies will report growth of only 10 to 12 per cent at the pre-tax level this year, compared with earlier expectations of around 15 per cent.

The dollar's fall has hit all the European stock markets. The West German market, as measured by the FAZ Index, fell 6.2 per cent in the first three days of this week. But the UK has a particular problem. The effect of a strong pound is traditionally offset to some degree by a lower cost of sterling borrowing. At the moment, however, the Treasury appears reluctant to let interest rates fall for fear that money supply growth will accelerate further and jeopardise the attempt to reduce inflation.

In the eyes of the market (and the CBI for that matter), industry is caught in a pincer between the highest real interest rates of any leading economy and an exceptionally strong currency. And, to make matters worse, the high level of the pound is reducing the sterling value of the Government's oil revenues and so making it more difficult for the Treasury to cut personal taxes and stimulate consumer spending.

Where does the market go from here? The optimists believe that the correction of the past month has already been overdone. Trading, they point out, has been extremely thin and only light selling pressure has been enough to cause a sharp fall in individual equity prices.

The bulls also consider that the market was looking very vulnerable five weeks ago and is now on a more solid footing. Mr Adrian Fitzgerald, UK equity market strategist at stockbrokers Wood Mackenzie, is far from gloomy: "everything we look at suggests that the market is in reasonable equilibrium. We're more positive than we have been for some time."

Even allowing for the downgrading of 1985 profit forecasts, the market is not trading on an extravagant rating. It has already adjusted, Mr Fitzgerald argues, to the slow-down in profits growth and is now offering attractive yields relative to gilt-edged. Moreover, the pressure from new issues is likely to weaken considerably over the next few months.

The pessimists, however, claim that the market is being short-sighted. They argue that it has not yet woken up to the implications of the fall from grace in electronics and has not fully discounted the effect of a sustained slow-down in the U.S. economy. And the message of the Brecon and Radnor by-election has not been fully digested. The possibility that the Government will lose the next general election has, in the view of the bears, scarcely been considered.

Independent local radio

'It's not like running a football club'

By Raymond Snoddy

COMMERCIAL radio in Britain is facing a period of major challenge. The problems have been highlighted recently in several ways:

In April the Gwent ILR station in Newport became the second commercial radio station to go off the air after running out of funds:

About a dozen of the 48 stations in the system are either trading at a loss or making no appreciable profits:

Advertising revenue fell by 4.9 per cent to £43.3m in the months from October to May:

Expansion of the system has ground to a halt 20 stations short of the number envisaged by the Government.

Areas that once were to have their own stations are being tacked on to existing franchises on condition the operator can pay for the transmitters in advance.

On Thursday, Mr Leon Brittan, the Home Secretary, added to the uncertainty facing local commercial radio in the UK when he announced his intention to go ahead with about 20 experimental community radio stations to test the feasibility of a new "third tier" of radio.

A Green Paper is to be published next summer on the implications of introducing new stations which will broadcast to limited local geographical areas, specialist interests or communities of interest such as ethnic minorities.

"The development of community radio raises a number of important broadcasting policy issues and may in addition have implications for our existing radio services," Mr Brittan emphasises.

ILR representatives believe the move raises so many policy issues that an urgent inquiry is needed into the future of radio over the next 15 or 20 years.

"Our monopoly is going. What we have said all along is that the radio world is going to change whether we like it or not. For God's sake can we plan the change?" asked Mr Brian West, director of the Association of Independent Radio Contractors (AIRC) which represents the ILR stations.

The AIRC wants an inquiry to consider what is the best regulatory structure for the future of radio and reform of what they see as many unnecessarily restrictive clauses in the 1981 Broadcasting Act.

So far the Government has not completely ruled out a wide-ranging radio inquiry. But it believes that the Green Paper consultations and the Peacock Committee, which is looking at alternative methods of financing the BBC and implications for other media, will be as effective as a formal inquiry.

The main fear of the ILR stations is that they will face unfair competition for limited advertising from small community stations with few of their fixed costs.

Apart from having to pay "the highest music copyright fees in the world" the ILR stations pay between £6.5m and £7m to the Independent Broadcasting Authority each year—about 9 per cent of revenues—for everything from regulatory programme standards to transmitter rental.

"We must get the cost of regulation down," Mr West believes.

The ILR stations also want greater flexibility on their programme schedules.

The news from ILR is, however, not all bleak. Listening levels appear to be recovering after a serious slide in 1984. The weekly "reach"—people who listen at least once a week—rose to a high of 52 per cent of the potential audience during the Falklands War. The figure fell to 44 per cent in 1983 and 42 per cent the following year.

The stations also hope that modest signs of an improvement in television advertising revenue will feed through to commercial radio.

One answer to the problems of ILR can be found in a once derelict church in Preston Lancs, bought for £35,000 and now the headquarters of Red Rose Radio.

Red Rose, which has been profitable virtually since going on the air in 1982, made a profit of more than £200,000 last year.

In January the station took over Radio Aire in Leeds which had lost more than £1m in three years and was probably within weeks of collapse when Red Rose came to the rescue.

Radio Aire, according to Mr Owen Oyston, millionaire estate agent and chairman of Red Rose, made a few hundred pounds profit in April and £18,000 in May.

Now the Preston station may be on the verge of further dramatic expansion. The boards of CBC, the financially troubled Cardiff station and Gwent Broadcasting, which has ceased trading although it has not gone into liquidation, have agreed a deal with Red Rose.

If final agreement is reached the two Welsh stations as well as Radio Aire and Red Rose itself will be run from the former church in Preston by Mr David Maker as group managing director. The economies of scale and reduction in administration costs through such mergers could be the key to a prosperous future for ILR, Mr Oyston believes.

"I don't think that the IBA have got it wrong. I believe that too many people in local stations have not really approached the operation as a business, but as something else—like being a director of the local football club," says Mr Oyston.

Sixty years a depositor

From Mrs M. Rollo

Sir,—I have been a depositor for more than 60 years with the Savings Bank of Kirkintilloch which is now incorporated in the Trustee Savings Bank Scotland. I am therefore puzzled by the fact that, to date, I have not received any communication from the "trustees" to explain the advantages — if any — the morality and the legality of the proposed privatisation or sell-out of the TSB Scotland and the removal of control and top jobs from Scotland to London. And, of course, they have not sought my approval for this move.

The "trustees" have, in fact, put all possible obstacles in the way of depositors who think they are entitled to some say in the disposal of assets which the depositors, themselves, have created. The Scottish TSB Depositors Association, which is at present more representative of depositors than the "trustees," has not been allowed to advertise its existence in branches of the bank. In my opinion, the association has more moral right than the "trustees" to decide what should be displayed on bank notice boards.

My local pass-book of 1925 is a significant historical record, underlining the industrial decay of Kirkintilloch, and indirectly of Scotland as a whole. Among the trustees and managers at that time were 10 proprietors of thriving local industries, employing in total more than 1,000 in a population of 11,000. All these industries have been closed down, usually after a take-over. Perhaps there is a lesson here for Scottish TSB depositors and staff.

There is, too, a lesson for the "trustees." One rule in the old pass-book states: "The management is vested in a body of trustees and managers who act gratuitously." Times have changed, however from the days of stable 2½ per cent interest rates and today's "trustees" cannot be expected to emulate the example of one of our former trustees who on two occasions gave each child at school a bank book and some money to start an account.

Marie Rollo,
25 Beaufort Drive,
Kirkintilloch, Strathclyde.

Letters to the Editor

Few incentives from building societies

From Mr G. R. Tew

Sir, — If building societies really are concerned about net monthly inflows, could they not improve matters by making it more attractive for existing borrowers to repay extra capital from time to time?

With my building society — one of the big three — it is worth paying off extra capital only if the equivalent of three months' repayments is available. That, for many, means a substantial four-figure sum. Any repayment below this level does not repay capital immediately but is treated as an interest-free loan to the society until the end of the year.

Now that mortgage rates are governed primarily by what "innocent" new borrowers are prepared to pay, any progress in this direction would give "more experienced" borrowers the opportunity to influence rates for the better.

G. R. Tew.
12 Grosvenor Crescent, SW1.

Small businesses hit by bank charges

From Mr W. P. Jaspert

Sir,—Allow me to bring a matter of no small significance to your attention: For the past six months or so, the clearing banks have imposed massive charges simply to pass on—usually after holding on for days and even weeks—funds received from overseas banks for direct payment into UK accounts.

Charges of £7 were recently levied on a £ sterling inpayment from Switzerland. Another bank made a charge of £8 on a payment of only £84.

At times, it seems that the banks' caring and sometimes listening attitude is deliberately designed to demolish small, independent businesses.

W. P. Jaspert.
93a Belsize Lane, NW3.

Stepping down on capital gains tax

From Mr T. Wallace

Sir,—The Government's decision to abolish capital gains tax on gilts is a welcome simplification of the tax system and, hopefully, a step towards total abolition of capital gains tax.

It should be noted, however, that far from being a concession the move is designed to increase the tax yield; this is because most sales of gilts within the 12-month period are at a loss.

The change throws into yet sharper relief the capricious effects of the accrued income scheme, under which the seller of gilts is to be taxed on the *accrued income element* of stock sold, regardless of whether the sale actually realises a profit. Before the latest change the investor selling within a year at a loss could at least claim a loss of capital gains tax purposes. Now he is to be subject to income tax without any allowance for his capital loss.

Logic would have suggested not the abolition of capital gains tax on gilts but its extension to gilts whenever sold, allowing full capital gains tax relief on indexed losses. This approach was rightly rejected because of its administrative cost. However, surely equity demands that no one should be subject to tax on notional income when he has in fact incurred a loss.

Theodore Wallace.
17 Old Buildings, Lincolns Inn, WC2.

No way—unless you lead the way

From Mr J. Buldt.

Sir,—It is distressing to hear constant reverberations from the Government on the subject of the need for industry and individuals to keep wage demands and expectations to the absolute minimum and even—preferably—below the rate of inflation.

As someone who has just had the pleasure of contributing to the running of British Rail for the next 12 months, I am aware that certain items of the cost of living index are rising much faster than others.

Particularly, it seems, those charges that are under the direct control of the Government. For example, my BR ticket has gone up by 9.14 per cent over the year.

On that basis one can only say one thing in reply to further pleas for moderation:

No way—unless you lead the way.

J. Buldt.
545, Kingston Road,
Ewell, Surrey.

Up-to-the-minute commodity prices

From the Corporate Relations Manager, Reuters.

Sir,—The article on the Technology page (June 19) headlined "New link-up for futures market" is incorrect in its reference to Reuters.

It was stated that Reuters price reporting system of London and Paris commodity prices often suffered a time delay of a few minutes between bidding and reporting the prices as compared with Manifest.

This is untrue. The Reuter Monitor Commodity Service provides commodity prices real-time using the same signal as Manifest, which is partially owned by the London Commodity Exchange. Under those circumstances delays in distributing the prices on Reuters are hardly measureable.

Michael Cooling.
85 Fleet Street, E.C.4.

Herbal disclaimer

From Mr J. Wormstone

Sir,—In reporting the sale of a stake in Brecon Brewery (July 1) you referred to a product which you described as "Welsh whiskey."

This product does not meet the legal definition of whisk(e)y, but is a compounded spirit containing herbs.

Jeffrey Wormstone.
The Scotch Whisky Association,
17, Half Moon Street, W1.

Weaknesses in legislation leave the auditor with one hand tied behind his back

From the senior partner, Dearden Farrow

Sir,—Recent events have highlighted again the many problems and misconceptions about the role of auditors and their responsibilities. I suggest that several very important factors are being overlooked.

Companies Act legislation contains weaknesses in the area. Most notably there is no duty, express or implied, to comment on the management of a company and therefore, for example, as long as the loss effect of fraud or mismanagement is properly recognised in the figures there is no peg on which the auditor can properly hang any qualification of accounts. Even when there is a peg, as in the Peachey Property affair, no-one seems to take any notice.

It is essential to understand that the accounts can be right even when they disclose a disaster and that any disclosure of the causes by the auditors to third parties (and, to all intents and purposes, this includes shareholders) without legal protection would run the gamut of potential legal penalty, from libel to insider information regulations. Should anyone doubt this, there has been recent publicity that one large firm is being sued for a breach of confidence.

Worse than this is that, although the appointment or replacement of auditors is reserved to shareholders, from the time of the City of London Real Property affair onwards, I cannot recall a case in which any backing has been given to auditors by the general body of shareholders or any regulatory authority. This means that directors, who in practice are the auditors' paymasters, have a very powerful weapon against an independently-minded auditor who has no countervailing strength except to comment on the manner in which unpleasant facts are disclosed in the accounts and no opportunity to draw attention to causes.

There may be other remedies, but I would suggest that there should be the ability or requirement for the auditors to report on management to a statutory authority on whom would be placed the responsibility of discretionary public exposure.

One consistent thread in recent events has been the increased readiness of a number of powerfully-placed institutions, including the British Government, to recoup their investment losses by reaching for the auditors' professional indemnity policy. One Australian firm has already had a court award against it which far exceeded its indemnity cover. Consequently the costs of such cover have soared and it is rumoured that some firms cannot even obtain higher levels of cover at any price. It would be an unhealthy downward spiral if the pressures on fees, salaries, indemnity and other costs caused the audit to be skimped and the level of claims to rise as a consequence.

While the auditor has to work with one hand tied behind his back (my construction of the support given him by the statutes) and this deprives him of his ability to give the full service to shareholders of which he is capable, without fear or favour, he is these days threatened with claims running to hundreds of millions of pounds, and unlikely to get full insurance cover.

I suggest that there needs to be a rational structure covering professional indemnity. "Professional negligence" can be no more than the blinking of an eye, but that does not limit the claim. It would therefore not be unreasonable to balance the additional responsibilities being taken on by auditors with a statutory limitation of liability, perhaps a multiple of the audit fee or a figure related to balance sheet values. This would at least enable insurers to assess risks more accurately and charge premiums accordingly. It might also enable them to rate risks more selectively than appears possible at present.

The position is aggravated by the frighteningly large claims currently being reported against some of the largest firms of accountants, at a time when there is a falling off in the capacity of the re-insurance market for professional indemnity.

I realise that much of what I have said might be categorised as special pleading and that others may not see the potential rocks.

But I believe that present trends are self-destructive. To make accountancy firms more accountable is attractive, not least to the firms themselves. However the price may be too high unless at least some of the pressures are redirected.

Ray Whittaker,
1 Serjeants' Inn, EC4

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	6.75	7.75	8.00	Seven-day account
			8.50	Higher interest acc. 90 days' notice or charge
			5.50-8.00	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	6.75	7.75	8.00	7 days' notice. Imm. wdl. if balance £2,500+ Int. pd. ½-yrly., mthly. inc. optn. if bal. £1,000+.
			8.50	Bank Save. Bal. of £2,500. Current account
Anglia	6.75	7.75	8.50	3-year bond. No notice, 3 months' penalty
			8.50	Capital share. No notice. 1 month's penalty
			8.00	7 days' notice. No interest penalty
Barnsley	7.75	9.50	9.65	Special Inv. 9.85 2 years, 9.65 monthly income
Birmingham and Bridgwater	6.85	7.70	8.05	5 days' not. or 20 days' int. pen. for imm. wdl.
			8.75	90 ds. shrs., 90 ds. nt. or 90 ds. pen. for im. wdl.
Bradford and Bingley	6.75	7.75	8.25	Premium Access. On demand, no penalty
			8.50	Extra Interest—1 mth.'s notice or 28-day pen.
			8.25	Extra Income—1 mth.'s notice or 28-day pen.
Britannia	6.75	7.75	8.30	7 days' notice. 8.55 28 days' notice
Cardiff	8.10	8.20	8.60	90-day notice. Penalty if balance under £10,000
Catholic	7.00	8.00	8.50	Extra share monthly income. 30-day notice
Century (Edinburgh)	8.85	—	9.30	Permanent 2/3 years or variable
Chelsea	6.75	7.75	8.90	3 years, immediate withdrawal interest penalty
Cheltenham and Gloucester	—	7.75	—	Gold. No notice. No pen. Under £1,000, 6.75; Over, 8.25; £5,000+, 8.57 when mthly. int. added
Citizens Regency	7.00	8.00	8.40	7 days. 8.50 one month. 8.75 three months
City of London (The)	7.00	7.75	8.75	3 months' notice—no penalty—monthly income
			8.45	21 days' not. im. access for amnts. over £10,000
Coventry	8.75	8.00	9.00	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. MoneyMaker inst. acc. no pen. 8.60 £20,000+, 8.35 £5,000+, 8.00 £1,000+ monthly inc. opt.
Derbyshire	6.75	8.00	8.75	2 y., 3 m. not. with pen. 8.00 no nt./pn. m. inc.
Gateway	8.75	7.75	8.10	Gold Star £1,000+. No notice. No penalties. Monthly int. £5,000+ 8.41 if added to account
Greenwich	8.75	—	8.75	90-day s/c (7-day a/c 8.00-8.50 subject to bal.)
Guardian	7.00	—	9.10	6 months, 8.85 3 months, £1,000 minimum
Halifax	6.75	7.75	8.00	7-day Xtra, 7 days' notice, no penalty
			8.25	28-day Xtra, 28 days' notice, no penalty
			8.50	90-day Xtra, 90 days' notice, no penalty
Heart of England	8.75	8.00	8.50	90-day notice, 8.00 5-day notice
Hemel Hempstead	8.75	8.25	9.25	90 days; 8.50, 28 days; 8.75, 60 days
Hendon	8.00	—	8.75	7-d a/c min. £500. 9.25 3 mths. a/c min. £1,000
Lambeth	8.90	8.00	8.30	7-d. a/c, 9.00 Magnum a/c 8 wks. & loss of int.
Leamington Spa	6.85	—	8.60	Spa mthly. income; no not., no pen. £5,000 min.
			8.50	Lion sh.; 1 m. not. or 28 days' pen. £1,000 min.
			9.15	Supershare; no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	8.65	8.50	8.25	Mnthly int.; 8.50 28 days' not. or pen. neither if £10,000 still in account
Leeds Permanent	6.75	7.75	8.00	Liquid Gold no not. no pen. HRAS 8.5 3m. not.
Leicester	6.75	7.75	8.00	£500+ im. ac. no pen. 8.95 comp. 3 y. £2,000+
London Permanent	7.25	—	9.25	90 d. not. or imm. wdl. no pen. if bal. £10,000+
Midshires	6.75	8.25	8.75	2-year term 2.00 diff. guar. 3 mths.' not. or pen.
Mornington	*8.30	7.80	8.50	£2K+, 8.65 £10K+, 8.80 £20K+. * £2,000—
National Counties	†7.05	8.05	9.00	90 days' notice, no penalty. †£1,000+
National and Provincial	6.75	7.75	8.75	HYS (share + 2% guaranteed 3 years)
			8.50	90 days' notice/pen. unless bal. stays £10,000+
			8.25	28 days' not., 8.00 7 days' not./penalty as above
Nationwide	8.75	7.75	8.50	Capital bonds, 3 yrs., 90 days' notice/penalty
			8.50	Bonus-90, 90 days' notice/penalty
			8.25	Super bonus, 28 days' notice/penalty
			8.00	Bonus-7, 7 days' notice/penalty
Newcastle	8.75	8.00	8.50	90 days' notice, 8.25 28 days' notice
			7.75	7 days' notice. On demand with penalty
			9.00	2-year term access with penalty
Northern Rock	6.75	8.00	8.10	Moneyspinner plus £500 or over
			8.35	(£5,000-£19,999); 8.80 (£20,000 and over) 7 days' notice withdrawal, no penalty
Norwich	6.75	8.00	8.50	New City Account. 1m. wdl. no pen.
Peckham	7.50	—	5.00	7 d's not. 9.00% im. wdl. if over £2,000. Mon inc
Peterborough	6.75	8.05	8.75	Flexi-Plus 60 days' notice monthly income
Portman	6.75	8.25	8.50	No notice, 8.75 2 months' notice
Portsmouth	6.90	8.40	9.05	3 years, 8.85 90 days, 8.60 30 days
Property Owners	7.25	8.75	9.00	3 mths., 8.60 28 d., 8.75 6 mths. Effective Dec 1
Scarborough	6.75	8.00	8.75	2-year limited share, 1.75 guaranteed differentl.
Skipton	6.75	8.00	8.60	Sovereign £10,000+, 8.30 £500-£9,999. Monthly inc. 8.30, min. inv. £2,500. Inst. access no pen.
Stroud	7.75	9.00	8.55	3 months, 8.30 £10,000+, no penalty, no notice
Sussex County	6.75	8.40	8.10	7 days' not.; 8.3% sx ac; 8% share a/c £2,500+
Sussex Mutual	7.25	8.75	8.50	Over £5,000 imm. wdl. Under £5,000 7 days' not.
Thrift	7.60	—	8.60	3-year term. Other accounts available.
Town and Country	6.75	7.75	8.75	90 d. not. or pen. No not./pen. if bal. £10,000+
			8.25	7 d. not. or pen. No not./pen. if bal. £10,000+
Wessex	8.60	—	—	No notice—no penalties—min. inv. £1
Woolwich	6.75	—	8.00	7-day account, 7 days' notice
			8.25	Monthly Income Account. 28 days' notice
			8.50	90-day account, 90 days' notice/penalty
Yorkshire	6.75	7.75	8.50	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

BRAZILIAN LAND REFORM

'Frontier where men lose their moral brakes'

By Ann Charters, recently in northern Brazil

THE DUSTY little town of Conceican do Araguaia (pop. 18,143) stretches sleepily along the west bank of the sinuous Araguaia river in northern Brazil. Its calm belies the tensions in the area unleashed by the federal government's recent announcement of an ambitious agrariao reform plan.

In this Amazon region, where civilisation has only a precarious toehold and land disputes are usually settled at gunpoint, the abaence of roads and the immense distances give men immunity from their actions, challenging attempts at peaceful reform.

The scene is a rerun of 1865 in America's lawless Wild West, only the language is Portuguese and the mosquitoes are worse.

As dark closed in on the broad river at sundown, a local priest recounted the death toll from land conflicts in the first five-and-a-half months of this year—a toll that is already alarmingly higher than in previous years. As he spoke, he kept a wary watch on the entrance to the Riverside Restaurant.

"This is a frontier whera ordinary men lose thair moral brakes," said Father Ricardo Rezende Figueira, the 33-yaar-old priest.

Thirty-six people, including settlers, "pistoleiros" (hired gunmen), landless migrants and a rancher have heen killed so far this year in just tha south-eastern part of Para state, an area nearly the size of Ireland.

In this area rich in virgin forest, minerals and cattle, the grisly statistics of 132 dead since 1980 arc compiled by the Catholic Church's Pastoral Land Commission (PLC)—the only official source, since it alone bothers to keep count.

Violence is not new to Brazil's farflung and largely unsurveyed interior. The latest outbreak, commencing last month, was unleashed when Brazil's first civilian government in 21 years proposed distributing land to small farmers and migrants, thereby threatening the tenuous status quo in many rural areas.

Even though this plan, which would implement a never-applied 1964 law, is still at the discussion stage, tension is visibly mounting among large landowners fearing government appropriation.

In parallel, the announcement flared hopes for the 7.1m landless rural farmers who expect reform to bring their own plot of earth and an exit from grinding poverty. Impatiently, some migrants feel justified in invading land to which others, often only nominally, claim title. Daily clashes, regularly resulting in death, inevitably result.

The region around Conceicao do Araguaia—a vast, 22,000 sq km tract—is a microcosm of Brazil's rural situation. Absentee landowners who have invested in large tracts of land, hought for a song and then left idle for years, often not hothering to pay land taxes, now worry they will lose title to their uncultivated acreage.

The mayor's office estimates that 60 per cent of the land in the region is concentrated in the hands of wealthy private families or Brazilian and multinational companies from the country's industrialised south.

Companies such as Volkswagen do Brasil, a subsidiary of the German vehicle manufacturer, and private Brazilian hanks such as Bradesco and Banco Mercantil were encouraged with fiscal incentives under former military governments to purchase land for cattle ranching or mineral exploitation.

Holdings are counted in "glehas," each equal to 4,349 hectares, roughly 44 sq km, with the average "fazenda," or ranch, encompassing 130,000 hectares.

Sr Jose Leao, the swaggering, jeans-clad deputy mayor, who was elected two years ago on an opposition ticket, claims that 80 per cent of the potentially productive land in the area lies untouched. But, with a touch of foreboding, he warns: "Agrarian reform will not happen here to the extcot that some expect. Each case for distributing land has to be decided separately."

Attitudes like those of Sr Leao contribute to the tension, and to the growing polarisation found among the region's 200,000 inhabilaots, as they side either with the rural migrants looking for land or else with the landowners, accustomed to having the law on their side.

Adding to the land scramble has been the impact of the opening of the mineral-rich Carajas region and four open-cast gold mines just 440 km north of Conceicao do Araguaia. The increased influx to the region has driven up land prices ten-fold over the past decade, from \$33 per hectare to \$344 in some cases.

To protect their interests some landowners have begun hiring private militias or "pistoleiros," to defend their properties from invasion — and throw out the squatters.

Fired with enthusiasm by television reports of imminent reform and encouraged by local priests to stand up for their rights, rural migrants — also armed — have been invading big fazendas in droves. What drives them on is the knowledge that they can obtain squatters' rights if they go undetected, and unchallenged, for a year and a day.

In the process the landless migrants often draw fire on to previously settled small farmers who, although at times themselves without legal title, may have farmed their land for five or 10 years. In theory — and theory alone in a region such as this — they are protected by law and entitled to compensation for improvements made on the land.

What usually happeos in practice was shown last week at a fazenda near Conceicao when 150 families were ordered off land they had farmed for many years; 27 years in one case. Sr Roberto Marins, a young state lawyer, said none of the settlers had tried to protest against the eviction in court, considered a long, expensive and usually fruitless process.

Lawlessness is endemic in this region. And many public officials or police are considered corrupt or inept, or both. Where conscientious officials are found, tha poor communications make effective law enforcement virtually impossible.

Judge Enivaldo da Gama Ferreira, one of two judges allocated to this vast area — a region which rains make isolated and nearly impassable for four months a year — holds out little hope for an end to the violence.

"The state and federal governments have to take the problem aariously and provide trustworthy, competent police so crimes already committed can be prosecuted and future ones prevented," he said.

The judge, the atate lawyer, the priest and settler leaders all avoid walking after dark because of threats to their lives.

The recent history of the region adds to the nervousnesa of the military police and security forces responsible for controlling the area.

The scene is a re-run of America's Wild West . . .

For five years in the mid-1970s this was the region of Brazil where rural guerrilla activity was most prevalent, leading to a harsh military crackdown and still unresolved allegations of civilian massacres. As rhetoric becomes, once again, more emotional, those siding today with the settlers or rural workers are inevitably labelled as clandastina Communists.

Because of this background the federal government land agency, responsible aince 1980 for land titles, is, revealingly, linked to the federal intelligence agency. It saya no information has heen collected on what land is unproductive in the region and therefore likely to be subject to reform.

Inevitably, it appears, if agrarian reform is to be enacted using the current land authorities, bureaucratic resistance will have to be added to tha other difficulties to overcome.

Under the recently ended military regime accusations were rife that Getat, the federal land agency, would issue false titles and then call on the federal judge to evict settlers from the newly "bought" land. To extend their influence in a region considered of "national security" importance, the military also ordered that all land in a 100 km strip on both sides of federal roads — and potential roads — be kept in federal as opposed to state hands.

Responding to growing opposition from the powerful landowning community, Sr Nelson Ribeiro, the new Minister for Agrarian Reform and Development, said a recent decision to extend public discussion of the plan for another 30 days, until the end of July, does not mean a retreat by the Sarney Government.

Privately, government officials are admitting the launch of the agrarian reform plan went off at half cock. The immediate challenge for the Administration will thus be to get itself out of this quandary of its own making, one which on present performance looks like satisfying nobody.

Home on the range, Volkswagen style

By Andrew Whitley in Rio de Janeiro

SPRAWLING OVER nearly 140,000 hectares of rolling sub-Amazonian forest land, the Volkswagen cattle ranch in the middle Araguala region is a model of self-sufficiency. Timher cleared from the land to make way for pasturage is used for fencing. It is also made up into furniture, or used as construction material. And the waste products are fed into the steam generator which provides electricity for the 1,100-strong community.

The "Rio Cristalino" fazenda also has its own brickworks. Even the red roof tiles for the neatly laid-out farm houses are made locally.

Its Swiss manager, Friedrich Brugger, cuts a dashing figure as he bounces around his empire in an imported Volkswagen jeep, churning up red dust in its wake. A modern cattle rancher, he dictates notes into a mini-cassette recorder as he goes.

The project is a controversial one, as Brugger and his boss, Wolfgang Sauer, president of Volkswagen do Brasil, well know.

It has been attacked by nationalists angry at the way in which a huge multinational was not ooly able to carve out a large slice of virgin Amazon territory for itself, but was encouraged to do so by a former military government. The federal authorities have helped out over the past decade with matching funda, a generoua tax holiday and other fiscal henefits.

"Rio Cristalino," and other neighbouring fazeodas also owned by large Sao Paulo-based corporations, have come under fire from environmentalists, who are upset at the burning off of the forest cover, and from the church, which has accused the German company of employing "slave labour."

The reality behiod the accusations is a little different. Ohliged by law to leave half the land in its virgin state, Brugger says he plans to leave 60 per cent untouched and reforest part of the cleared land with quick-growing eucalyptus trees.

A well-intentioned law alsn requires five trees per hectare to be left standing on the land heing brought into use. This is much harder to enforce, and the gaunt, dead trees pockmarking the newly burnt stubble land are monuments to its inefficiency.

The "slave labour" charge stems from a practice common throughout this pioneer region of using outside labour contractors to clear the forest. For this back-breaking work the contractors in turn hire gangs of men who get paid on a piece work basis and are, in effect, indentured labour.

Like any red-blooded pioneer faced with the task of bringing new land into cultivation, Brugger is an outspoken defender of free enterprise. Dismissive of "social responsibility" projects, he nevertheless admits that the loss-making Cristalino project could not have succeeded without state aid.

> The project is a controversial one, and has been attacked by nationalists angry at the way in which a multinational was able to carve out a slice of virgin territory

His main concern lies in the application of scientific farming methods to a grossly unproductiva business. Brazil has the second largest herd of cattle in the world, but its meat output is only in fifth place.

In thia corner of Para state on the southern fringes of the true Amazon forest, Volkswagen's goal is to establish an intensive cattle-rearing farm based on fattening lots and mechanised haymaking. The fodder is vital to keep the animals' body weight up during the region's long, five-month dry season.

Volkswagen has so far hrought over 45,000 hectares of its land into use and has raised productivity well above the national average of one head per hectare. To date the company has invested about \$25m.

But despite the recent opening of a modern slaughter-house nearby—eliminating the need for a 1,700 km road journey to Sao Paulo state—the farm still remains a long way ahort of its eventual goal of being profitable without any government support.

هكذا من الأصل

UK COMPANY NEWS

Johnson Matthey profit at £20m

SINCE THE disposal of its near-collapsed banking side, the Johnson Matthey group has shown considerable progress. In the final quarter of the year 1984-85 the group made a profit of £7.3m and reduced its money borrowings by £51m to £227m.

Further reorganisation may be necessary, but the directors say there is considerable scope for additional improvements in efficiency, profitability and the level of borrowings.

They are confident "that the group has turned round from the past and is well placed to maintain its position at the forefront of precious metals technology."

For the full year ended March 31 1985 there is an overall pre-tax profit of £20.1m including discontinued operations, against £36.6m in the previous year. There will not be a dividend, compared with a total of 10p, but the directors intend to review the position later in the year.

On finance, the directors say present requirements are mainly provided under the Interim Refinancing Agreement which is due to expire on July 30. In view of the group's improved position they feel that medium term facilities can be reduced substantially, and they are at an advanced stage in their discussions with bankers.

In addition, subject to final discussions, agreement in principle has been reached for the private placement with institutions of £25m of floating rate medium term subordinated debt with detachable warrants.

Continuing operations produced a turnover of £1.49bn in 1984-85, compared with £1.33bn, and an operating profit only a little down at £45.3m (£47.7m). This, the directors state, demonstrates the resilience of the core businesses. Progress shown since the disposal of Johnson Matthey Bankers is continuing in the current year.

Associated companies provide £5.4m (£5.8m) and net interest charges are up to £28.2m (£21.7m), leaving the profit of continuing operations at £22.5m (£31.8m). Then there is the allowance for discontinued operations — a loss of £2.4m (£4.7m) in the U.S. jewellery business and for 1983-84 a profit of £9.5m in respect of JMB.

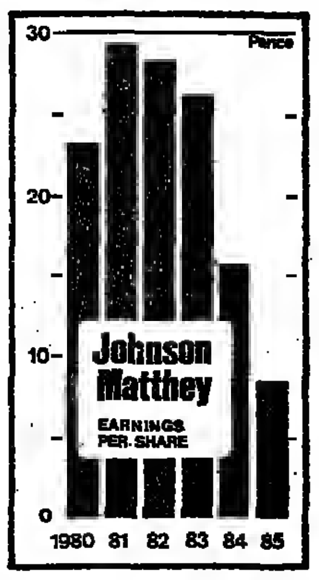
Some problem areas remain, which continue to recieve close attention, particularly certain aspects of the precious metals refining and the remainder of the North American jewellery business.

Profits before tax of continuing operations is made up of platinum marketing £11.7m (£6m), chemicals and refining £11.9m (£21.8m), mechanical production break even (£3.6m), colours and printing £6.8m (£4.5m), associates £5.4m (£5.8m), less central interest £13.3m (£9.9m). Platinum marketing is shown after adjusting for group research and central costs, exchange rate movements and sundry items.

After tax £8m (£15.9m) the net profit is £12.1m (£20.7m) for earnings of 8.6p (15.6p) or 6.8p fully diluted. Extraordinary charges come to £176.3m (£26.1m).

The group sold JMB to the Bank of England on October 1 1984 for a nominal consideration, after making a once-and-for-all payment of £50m to JMB. Extraordinary items include that payment and the write-off of the consolidated net assets of JMB at March 31 1984 of £102m.

Other significant losses mainly related to additional provisions of £16.5m (£69.1m) which have proved necessary in respect of the jewellery operations in the U.S. Refinancing, closure, reorganisation and other costs, net of tax, amounted to £7.8m: this reflected the rationalisation of



loss-making activities, chiefly in overseas subsidiaries, as well as the central services function in the UK together with refinancing costs.

Investigations into the collapse of JMB are continuing. In the absence of better information the directors have decided that they have no practicable option but to show the figures previously reported, without adjustment, for purposes of comparison.

The directors, after taking legal advice, have notified Arthur Young, formerly auditors of JMB (and Johnson Matthey) that Johnson Matthey has a claim against them in respect of the losses suffered in connection with JMB. The directors expect that, for the purpose of this litigation, there will be co-operation between Johnson Matthey and JMB, which has also notified Arthur Young of a claim.

Referring to finance, the directors say that using the cash generated from a vigorous working capital reduction programme as well as from operating cash flow, debt has been reduced materially. Between October 31 1984 and March 31 1985 borrowings of money and metal decreased in total by £137m. The rights issue in December cut money borrowings by £24m.

At the year end group net tangible assets were £205m. This does not take account of the excess of £46m by which the market value of fixed metal (formerly called base stocks) exceeded book value. Last time the excess was £45m.

The Interim Refinancing Agreement includes a standby facility of £250m. All drawings made under that facility were repaid by March 31 and no drawings have been made since.

Neither the new subordinated debt nor the detachable warrants will be listed on the Stock Exchange. The warrants will be exercisable over five years into a total of 5m ordinary shares at a price in the range 110p-120p. A further announcement concerning banking arrangements and the private placing will be made at the earliest opportunity.

The year was good for platinum marketing. Sales to car makers and the electronics industry increased worldwide. Japanese jewellery remained a key market and sales of investment bars expanded satisfactorily.

In chemicals and refining the car catalyst business in the U.S. showed very good results against stiff competition. The UK operation continued to make a valuable contribution, successfully carrying higher development costs as the marketing effort in Europe increased in anticipation of the new EEC standards.

See Lex

TSL Thermal restores interim

TSL Thermal Syndicate, maker of vitreous silica, made pre-tax profits of £1.28m for the six months to April 30, 1985. The directors point out that comparisons with last year's corresponding figure of £376,000 are not really relevant, because of the changes that have taken place in the last two years.

The parent company and both subsidiaries continue to operate profitably and the board is in general pleased with the performance. Overall operations in Japan and the associate company with Mitsubishi Metal are progressing satisfactorily, and the board is confident that the group is well placed to take advantage of this very important market.

In view of the more stable performance and the board's confidence in the future, it has been decided to re-introduce the interim dividend with a payment of 1p net per 25p share. Last year, a single final of 1p was paid.

Group sales for the half-year reached £9.74m (£7.37m). After tax of £454,000 (£111,000) stated earnings per share were 8.7p (3.32p). The interim absorbs £96,000.

Various reports have recently been published highlighting a worldwide downturn in demand for semi-conductor products, generally with speculation as to how such a reduced demand will continue. As a supplier to the semi-conductor industry, TSL wil be affected by this.

The board says, however, that the group's business is broadly based and demand for its other products is buoyant and should continue so for the remainder of the current financial year.

● comment

A fumble at the Stock Exchange—the figures were incorrectly flashed on the screens—appears to have started yesterday's fall for TSL—although guilt by association with the electronics industry was almost certainly more to blame for the drop of 30p to 235p on the day. The company is a specialist in high temperature rather than high-tech and the bulk of sales (over 90 per cent) are to customers in traditional industries, such as electrical fire makers, far removed from the micro computer market. With borrowings eliminated following the sale of the fused magnesia unit last summer plus the impact of the increased utilisation of factory space, margins have risen sharply (to 13 per cent from 5 per cent) and the gains have not been consumed by interest payments. For the full year £2.8m pre-tax could now be on and the reintroduction of the interim dividend has to be taken as a gesture of confidence in the future. Those who bought into the company in late-1984 must still be more than pleased with capital growth of 150p a share—and there could still be a bit more to come.

Britoil profits up by £28m but below City estimates

Britoil raised net profits by £28m to £91.4m in the first half of 1985. The result however, was below City estimates of around £100m and the shares fell 8p to 207p at yesterday's close.

Sir Philip Shelbourne, the chairman, said he felt the figures were "not bad in all the circumstances. The oil industry has been going through a difficult period. Good oil companies are capable of producing good results even in a bad period."

In connection with the Government's offer for sale of its remaining 48.8 per cent stake in the company, the board is forecasting net profits for the full year of £190m, compared with £159m in 1984.

The net interim dividend is lifted by 21 per cent from 3.3p to 4p per 10p share and a final payment of 9p (8.2p) is forecast. Except in the case of the shares which are to be the subject of the Government's offer, payment of the interim will be made on October 1 to shareholders on the register at close of business on September 2.

Stated half-time earnings per share increased from 12.66p to 18.19p and 37.8p (33.8p) is predicted for the full year.

The profits and earnings forecasts are based on various assumptions, one of which says oil sales from July to December, 1985, will give rise to an average sterling realisation ofg £20 per barrel.

Operating profits advanced from £282.1m to £364.1m, reflecting higher oil production, despite a larger write-off in respect of general exploration costs and

Sir Philip Shelbourne, chairman of Britoil

the completion of pay back under the 1983 Murchison redetermination. A currency loss of £9.6m was charged this time.

Crude oil production for the period totalled 32m (29m) barrels and gas amounted to 46bn (41bn) cu ft. Oil production—including LPG and condensate—averaged 178,300 (157,800) barrels per day and gas production 256m (226m) cu ft per day.

Turnover for the six months climbed from £645.9m to £968.1m. Revenue from equity production was up £143.7m at £775.6m, with the remainder of the increase due to sales of purchased patroleum at £192.5m (£14m).

Pre-tax profits came out at £364.7m (£260m) and the group expects to make £693m (£688m) for the full year.

Petroleum revenue tax increased from £150.2m to £197.7m in the half year, including safeguard benefit of £8.9m (£15.6m). The increased provision resulted from the higher production and a decrease in the safeguard benefit available in respect of the group's more mature fields.

The six months to June 30, 1984 were the last chargable period in which safeguard benefit was available to the Murchison and Ninian fields. In the period under review, the Statfjord field received safeguard benefit for the first time. Safeguard benefit available in any year is spread evenly over the two chargeable periods.

Despite the fall in the current corporation tax rate from 46.25 per cent to 41.25 per cent, the charge at £75.6m was higher than the previous £66.4m. In both years provision was made for deferred liabilities at 35 per cent. Cost of the interim dividend increased from £16.5m to £20.1m.

The cost of exploration activity amounted to £109.8m (£77.8m), of which £65.1m (£63.1m) related to the UKCS and £44.7m (£14.7m) to overseas. A total of £83.1m (£51.4m) was written off to Profit and Loss account.

As a result of high tax payments and increased capital expenditure, particularly on acquisitions, a cash deficit arose in the period of £66.4m (£2.6m).

See Lex

Bell's statistics war begins

BY LISA WOOD

THE WAR of statistics began yesterday with Mr Raymond Miquel, chairman of Arthur Bell, sending out a document to shareholders rejecting the £300m bid for his company by Guinness, the brewing and retailing group.

On the same day, Guinness posted letters to Bell's shareholders, in which it fleshed out arguments made in its offer document for Bell, and which it said should be addressed in the company's defence document.

Mr Miquel in his letter to shareholders did not make a specific profit forecast for Bell's for the year to June 30 1985. He said that when reporting the interim figure of £20.7m (£19.1m), he had forecast that pre-tax profits would be ahead of the £35.2m reported for the previous full year.

"I am pleased to confirm the forecast made in March," said Mr Miquel. "I intend to write to you again to give you a more precise estimate of the year's results when the figures have been confirmed."

His document argued, in particular, against criticisms made by Guinness in its offer document, concerning Bell's marketing efforts in both the UK and the U.S. and he favourably compared these with those of Guinness.

Guinness, said Mr Miquel, alleged that Bell's had a declining share of the home market. Guinness's share of the British beer market by volume declined from 5.4 per cent in 1980 to 4.2 per cent in 1984, said Mr Miquel. In comparison Bell's share of the 20 leading advertised brands of blended Scotch whisky had remaind constant at 28 per cent since 1980.

Guinness had maintained that Bell's overall market share in the UK had declined from about 25 per cent to 20 per cent with it not being strong in the growing take-home trade. Mr Miquel said Bell's had concentrated on the premium end of the market in spite of the recent appearance of cheap "own brand" whiskies.

"The results of this policy are evident," said Mr Miquel, "when comparing Bell's pre-tax profit margin of 13.6 per cent to that of the FTA Brewing and Distilling sector of 9.2 per cent."

Few details were given of Bell's sales in the U.S., a market the company had difficulty in penetrating using agents, prior to its acquisition of Wellington Importers in February 1984. "Significant progress in sales has already been made," said Mr Miquel.

The offer document, said Mr Miquel, stated that Guinness had the strategic management capability which Bell's needed. He compared the in-house management style of Bell's with that of Guinness which he said relied heavily on outside consultants. "Why has the Guinness management," he said, "not had the confidence to cope on its own and what has been the cost to the shareholders?"

Bell forecast that by the time the estimate of profits is available it will be able to recommend a final dividend which would provide an increase in dividends for the year ended June 30, 1985 "in the order of 50 per cent."

Guinness is offering nine of its shares for every 10 of Bell's wit a cash alternative of 225p. The Guinness share price closed last night at 250p, +5p, valuing Bell at 225p per share. Bell closed at 230p, down 2p.

Clay rejects McCorquodale bid

BY DAVID GOODHART

THE BIGGEST book printer in the UK, Richard Clay, yesterday rejected a £12.2m takeover bid from McCorquodale, the security, book and specialist printer.

The offer is 10 McCorquodale ordinary shares for 11 Clay which values each Clay share at 136p. Clay's share price shot up 45p after the announcement to close at 144p. McCorquodale fell 5p to close at 150p.

There is a cash alternative of 130p a share. The offer is underwritten by Kleinwort Benson, the merchant bankers.

Mr Charles Birchall, Clay chairman, said that as the leading book printer in the UK and with a strong young management team which has just undertaken a significant rationalisation "there is nothing to gain from the bid."

He added: "If the deal went through it would concentrate about 60 per cent of all paperback printing in one company and I know that our major customers would not be enthusiastic about that."

Mr Birchall said that on those grounds a referral to the Monopolies and Mergers Commission was a possibility "but he would not rely on it as a defence."

McCorquodale—which for the year to September 1984 made a pre-tax profit of £8.1m on a turnover of £122m—has used the proceeds of two rights issues within the last year to fund acquisitions. Its half-year profits to the end of March rose by 35 per cent.

Mr Nicholas Heroys, finance director, said that with the printing and publishing industry polarising into the larger and smaller groups, and with Clay's concentration on black and white printing in contrast to McCorquodale's colour printing, the merger would be "very complementary."

Clay has for some time been seen as a target for hostile bids and last year Mr Robert Maxwell's British Printing and Communications Corporation held a five per cent stake for a short time.

Almost 30 per cent of Clay is held by large institutional investors with more than 5 per cent each

HunterPrint rights well undersubscribed

The rights issue by Hunterprint, USM quoted commercial colour printer, has been drastically under-subscribed.

Applications have been received for only 16 per cent of the 4.96m convertible preference shares, three of which were being offered for every five ordinary shares. The remainder of the issue is to be taken up by the underwriters.

The preference shares, which carry a 6½ per cent coupon and have been priced at par, were issued to fund a £4.5m bid for Formdesign.

Earlier this week, Hunter Print announced pre-tax profits for the six months to March of £1.22m (£919,000).

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Fri July 12 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs July 11 Index No.	Wed July 10 Index No.	Tues July 9 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (205)	490.73	−0.3	11.48	4.59	10.97	8.31	491.97	484.53	487.97	451.75	577.15	22/1	484.53	10/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	513.19	+0.1	12.92	5.16	9.51	9.87	512.56	505.80	510.89	406.64	546.84	21/5	472.11	26/2	546.84	21/5/85	44.27	11/12/74
3	Contracting, Construction (29)	770.91	+0.9	13.01	5.35	9.92	16.49	763.93	760.03	769.34	609.14	784.35	4/6	684.17	8/3	831.09	15/3/83	71.48	2/12/74
4	Electricals (14)	1315.44	−0.6	11.80	5.58	10.77	31.50	1322.78	1289.36	1320.70	1458.88	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1302.85	−0.1	11.64	3.73	11.37	15.97	1304.19	1270.03	1266.25	1605.23	1977.60	9/1	1260.78	3/7	2049.05	13/11/84	1260.78	3/7/85
6	Mechanical Engineering (62)	276.27	−0.1	11.70	5.05	10.40	5.33	276.49	275.60	279.55	229.97	316.14	13/5	275.18	3/1	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	186.35	+1.1	13.33	8.34	9.39	3.97	184.38	183.49	186.73	166.57	202.50	5/6	165.08	14/1	209.74	13/3/84	49.65	6/1/75
9	Motors (16)	152.09	−1.7	14.18	5.51	8.75	3.20	154.78	153.42	156.23	114.92	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (17)	888.32	−1.1	7.89	3.76	15.35	13.40	898.18	883.86	886.57	592.04	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (177)	629.42	−0.8	10.14	4.12	12.19	10.21	634.56	631.91	640.53	465.11	683.36	5/6	604.96	3/1	683.36	5/6/85	61.41	13/12/74
22	Brewers and Distillers (24)	605.94	−0.3	11.38	4.60	10.93	8.38	608.01	603.94	610.01	486.39	617.38	4/6	550.86	3/1	617.38	4/6/85	69.47	13/12/74
25	Food Manufacturing (21)	479.14	−1.2	12.37	5.07	10.25	11.49	485.11	483.81	491.95	357.99	513.86	12/3	473.30	3/1	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1468.22	−1.5	5.97	2.84	22.19	12.87	1491.01	1486.13	1499.57	1079.09	1662.70	5/6	1400.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	981.21	−1.5	6.85	3.01	17.13	10.89	996.43	987.40	1009.53	771.88	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	590.69	−1.4	9.79	5.56	13.41	13.45	599.12	598.67	606.51	542.92	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1717.42	+0.2	8.96	4.50	14.37	35.22	1713.65	1685.05	1693.30	1228.42	1825.11	5/6	1445.15	3/1	1825.11	5/6/85	55.08	6/1/75
33	Packaging and Paper (13)	324.57	−0.2	10.91	4.59	10.88	6.10	325.11	325.52	325.10	215.86	344.58	12/6	286.36	3/1	344.58	12/6/85	43.46	6/1/75
34	Stores (42)	625.10	+0.2	7.99	3.42	16.94	9.27	624.11	616.62	622.52	389.40	660.85	5/6	529.47	19/2	660.85	5/6/85	52.63	6/1/75
35	Textiles (17)	320.73	−0.2	14.83	5.00	7.65	6.41	321.52	320.25	323.02	244.80	341.97	11/3	293.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	775.88	−1.6	19.12	5.54	5.86	17.44	788.75	806.24	826.70	593.75	1010.69	8/2	775.88	12/7	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	641.33	−0.4	10.01	4.37	12.68	10.96	643.60	637.83	642.12	409.42	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	685.47	−1.5	15.00	5.40	8.24	15.37	695.78	687.68	693.98	543.52	832.26	22/2	685.47	12/7	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	180.88	+3.0	7.40	4.89	16.77	3.58	174.87	166.74	170.12	124.13	190.38	11/3	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1081.20	−1.0	8.80	4.86	14.22	25.43	1092.28	1079.08	1101.39	785.77	1201.81	23/5	958.08	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (64)	790.45	−0.8	7.94	3.97	15.35	10.13	796.66	790.82	798.65	566.32	899.77	3/6	790.22	27/6	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	804.15	+0.4	9.30	4.04	14.36	13.20	800.94	796.12	796.53	0.00	932.01	15/5	701.92	3/1	932.01	15/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	603.00	−0.6	10.43	4.30	11.99	10.03	606.34	601.41	607.53	457.25	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1108.87	−0.7	16.88	7.52	7.29	38.38	1116.43	1114.97	1115.18	996.06	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	645.34	−0.6	11.30	4.74	11.03	12.31	649.03	644.34	650.03	502.46	707.87	5/6	636.98	3/1	707.87	5/6/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	462.38	−1.2	—	5.13	—	9.83	467.78	465.85	470.32	362.78	478.74	15/5	430.10	4/1	478.74	15/5/85	55.88	13/12/74
62	Banks (6)	489.92	−1.7	15.79	5.93	9.04	11.71	498.63	494.93	498.84	353.32	503.51	8/7	420.58	15/4	503.51	8/7/85	62.44	12/12/74
65	Insurance (Life) (9)	710.97	−1.7	—	4.57	—	14.71	723.55	719.73	729.96	472.20	770.78	11/6	580.95	4/1	770.70	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	358.38	−1.3	—	5.45	—	8.53	363.16	361.49	365.85	275.07	369.61	19/6	303.16	25/2	369.61	19/6/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1021.60	−1.0	9.19	4.06	14.55	20.10	1032.29	1025.76	1047.06	764.96	1248.70	15/3	1011.88	4/1	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	224.35	−0.1	—	4.92	—	4.92	224.53	225.24	226.93	188.91	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	587.00	+0.1	6.38	4.02	21.03	8.46	586.63	585.78	589.14	552.82	653.36	13/5	585.78	10/7	653.36	13/5/85	56.01	20/4/65
70	Other Financial (25)	264.22	−1.0	9.30	6.14	13.13	6.88	266.89	267.27	268.26	228.23	296.92	6/2	261.35	28/6	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (107)	564.15	—	—	3.87	—	8.89	564.22	563.89	569.73	462.43	635.62	7/3	563.89	10/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	261.68	−1.4	12.41	5.85	9.35	5.29	265.32	265.32	265.32	257.59	311.08	15/4	261.68	12/7	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	615.52	−0.9	12.30	6.33	9.77	20.51	621.30	619.41	625.72	489.44	687.15	22/1	615.52	12/7	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (739)	593.91	−0.6	—	4.79	—	11.52	597.79	594.05	599.35	466.49	644.21	5/6	581.88	3/1	644.21	5/6/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	July 11	July 10	July 9	July 8	July 5	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1230.8	−7.6	1239.9	1223.8	1238.4	1230.4	1239.6	1258.2	1260.0	995.80	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri July 12	Day's change %	Thurs July 11	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.42	+0.18	118.21	—	6.08
2	5-15 years	131.80	+0.27	131.46	—	7.34
3	Over 15 years	137.70	+0.30	137.28	—	6.87
4	Irredeemables	149.00	+0.35	148.48	—	7.27
5	All stocks	129.72	+0.24	129.41	—	6.91
6	Debentures & Loans	110.61	+0.11	110.49	—	6.08
7	Preference	80.26	−0.02	80.28	—	3.44
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.06	−0.24	110.33	—	1.37

	AVERAGE GROSS REDEMPTION YIELDS		Fri July 12	Thurs July 11	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low Coupons	5 years	10.19	10.21	11.59	11.56	28/1	10.17	9/7
2		15 years	10.23	10.26	11.42	11.20	28/1	10.23	12/7
3		25 years	10.23	10.26	10.82	10.72	29/1	10.03	2/1
4	Medium Coupons	5 years	11.12	11.15	12.68	12.39	28/1	11.12	12/7
5		15 years	10.62	10.66	11.92	11.63	28/1	10.62	12/7
6		25 years	10.19	10.23	11.21	10.97	29/1	10.19	12/7
7	High Coupons	5 years	11.16	11.21	12.72	12.53	28/1	11.16	12/7
8		15 years	10.78	10.82	12.05	11.76	28/1	10.78	12/7
9		25 years	10.34	10.40	11.24	11.03	29/1	10.34	12/7
10	Irredeemables†		9.89	9.91	10.68	10.49	28/1	9.89	12/7
11	Debs & Loans	5 years	11.74	11.74	12.82	12.63	29/1	11.73	10/7
12		15 years	11.56	11.57	13.00	12.37	29/1	11.56	12/7
13		25 years	11.39	11.40	13.04	12.37	29/1	11.39	12/7
14	Preference†		12.29	12.29	13.36	13.14	29/1	12.29	11/7
15	Inflation rate	5%	3.68	3.67	3.96	3.68	12/7	3.11	11/3
16		10%	3.47	3.49	3.75	3.49	11/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Sebcourt (35) has been deleted and replaced by Mansfield Brewery (22). Gill and Duffus (91) has been deleted with no replacement.

NAME CHANGE: Management Agency and Music (29) has changed its name to Chrysalis Group.

Mixed first half for Sun Life

A MIXED pattern of new life and pensions business ...business was experienced by the Sun Life Group during the first half of this year.

New annual premiums were up by more than 5 per cent to £28.94m, compared business was experienced by with £27.4m last year, but single premium business was down by 11 per cent over the period, from £119.2m to £106m.

The group participated fully in the pre-Budget pensions boom, with new annual premiums on individual and self-employed pensions business increasing by two-thirds from £9.3m to £15.3m and single premiums up by 16 per cent from £30.3m to £35.1m.

However, this was offset by a decline in new ordinary life business with new annual premiums down by a third from £12.7m to £8.6m and single premiums by a similar proportion from £52.8m to £35.7m.

Provident Life 7.5% premium fall

In the first half of this year, Provident Life Association of London, a member of the Winterthur Swiss Insurance Group, recorded a 7.5 per cent drop to £2.74m in new annual premium business, compared with the £2.96m of the corresponding period last year.

A rise of over 140 per cent in pension premiums in the pre-Budget boom, from £266,000 to £648,000, and a marginal 3 per cent increase in unit-linked business, from £775,000 to £802,000, failed to offset the sharp drop in mortgage-related business compared with the boom sales last year.

Lee International plans flotation later this year

BY STEFAN WAGSTYL

Lee International, a film and television services company which has played a part in productions of Superman, Star Wars and BBC outside broadcasts, is planning to come to the stock market later this year with a value of more than £100m.

The company says it is the world's largest supplier of lighting to film and television. It manufactures lighting and owns 59 per cent of Media Technology International, a camera and filter service company, floated on the USM last year.

Lee is also the UK's largest operator of film stages, owning Shepperton Studios, which it bought last year for £4.2m from the financial services group Mills and Allen.

It is still in the final stages of preparing its accounts in advance of flotation. But it says that turnover is now running at £40m to £50m a year, and has appointed merchant bank Samuel Montagu as financial adviser and expects to name a broker shortly.

Mr David Mindel, finance director, said yesterday that the company would float about one-third of its equity on the market, including shares to raise funds for the business if the issue went ahead.

The group is owned by brothers Mr Benny and Mr John Lee, who founded the company in 1961.

They floated Media Technology International (MTI) last year because they believed that the camera and filter business was better run separately. This company made pre-tax profits of £1.5m on turnover of £4.9m in the year to May 1984.

Apart from MTI, there are four parts to the group—the lighting business which supplies lights and scaffolding up to some 40 to 50 firms a year worldwide, and up to 80 per cent of the outside broadcasts made by BBC and the independent television companies in the UK.

Its lighting manufacturing factories are in California and at Thetford, Norfolk. The film studios are at Wembley and Manchester as well as Shepperton.

Finally, the group has recently started a U.S.-based lighting hire business supplying local American television stations.

U.S. oil and gas company in £4.5m sale

By Stefan Wagstyl

Owl Creek Investments is set to become the latest U.S. oil and gas company to raise money in London with a £4.5m offer for sale on the over-the-counter market run by the Hill Woolgar issuing house.

The 22.5m shares on offer at 20p each amount to 28.6 per cent of the company's equity. At this price the company is capitalised at £15.7m.

Owl Creek is linked indirectly with Falcon Resources, the exploration company run by Mr Ronnie Monk, which has been one of the most active oil and gas company shares listed on the Stock Exchange.

Owl Creek was formed late last year by a consortium of investors in the Falcon-Andrau 1984-86 drilling programme, in which Falcon Resources has a one third stake. Owl Creek will take a 12 per cent stake in the drilling programme.

Newman Tonks offer will not be increased

Newman Tonks, the building supplies company, has announced that the terms of its offer for R. Cartwright (Holdings) will will not be increased and will lapse if not declared unconditional by July 26.

The offer of 20 Tonks shares plus 50p for every 10 Cartwright shares values the target at £12.1m or 179p a share. Last night Cartwright closed at 163p, 2p below Tonk's underwritten cash alternative of 165p.

According to Hill Samuel, advisers to Newman Tonks, the level of acceptances received for the offer, which had its first closure date yesterday, was about 13 per cent.

Rothschild lifting stake in General Oriental

BY ANDREW ARENDS

J. Rothschild Holdings, an investment company run by Mr Jacob Rothschild, has increased its investment in General Oriental Securities, a limited partnership set up by Sir James Goldsmith to acquire a controlling interest in Crown Zellerbach, from $33m (£23.5) to $41.5m (£29.7).

Following this move, J. Rothschild has invested around 5.5 per cent of its total net asset value in GOS, giving it a 14 per cent stake. It has also committed itself to injecting an additional $8.5m (£6.1m), bringing its stake up to $50m (£35.7m).

GOS holds Sir James's 26 per cent stake in Crown Zellerbach, the 115-year-old West Coast forest products group being pursued by the Anglo-French financier.

The Rothschild investment comes less than a week after the breakdown of an agreement that Sir James would have a direct say in the reshaping of Crown Zellerbach.

Murray Growth

An approach has been made to Murray Growth Trust by the Merchant Navy Officers' Pension Fund which may lead to an offer being made for the company. Murray's ordinary shares rose 8p to 104p and the B shares 9p to 101p following the news, valuing the trust at £140m.

Sumrie loss rises

The rate of loss at Sumrie Clothes, which makes outerwear for men, failed to abate in the second half. In consequence, the loss for the year ended March 30, 1985, has risen from £242,000 to £369,000. Turnover came to £2.97m (£3.25m).

The loss per share worked through at 14.8p (9.7p). There is again no dividend. There is an extraordinary debit of £64,000 being termination payments to former directors and related legal costs. Last year £236,000 closure losses of a retail subsidiary was almost offset by £226,000 profit on disposal of its freehold property.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Britoil	int	4	Oct 1	3.3	—	11.5
Johnson Matthey		nil	—	7	nil	10
Oldacre		2.5	—	—	4	—
TSL Thermal Synd	int	1	—	nil	—	1

Dividends shown pence per share net except where otherwise stated.

هكذا من الأصل

INTERNATIONAL COMPANIES and FINANCE

IU plans dividend cut and Ryder hive-off

By Our New York Staff

IU INTERNATIONAL, the Philadelphia-based transportation, waste management and agribusiness concern, is to cut its dividend and plans to hive off Ryder/P-I-E, its troubled truck subsidiary, and sell its 50 per cent stake in a water utility in an attempt to cut debt and put performance back on course.

The group, which suffered an 82 per cent plunge in net earnings to $7.9m in 1984, is to offer up to 49 per cent of Ryder to the subsidiary's employees in return for wage cuts designed to save up to $50m. The rest of the shares in Ryder would be spun off to group shareholders tax free.

The sale to Lyonnaise Des Eaux of the 50 per cent stake in General Waterworks Corporation will give a pre-tax gain of $32m, the company says. These steps combined with a halving of dividend from 30 cents to 15 cents will form part of the programme aimed at cutting debt from $372m to less than $300m by the year-end.

In the meantime, IU is projecting a second quarter loss of $1 a share, including special charges at Ryder, compared with a deficit of 38 cents a year earlier. The group points out that it is still in the position of showing pre-tax losses and paying tax.

Mr John Gilray, the company's chairman, said: "Establishing Ryder as a separate and independent company awaits improved results, which we anticipate. We would be using the same technique that benefited IU shareholders in our previous spinoffs—Gotaas-Larsen shipping in 1979 and Echo Bay Mines in 1983."

Metallgesellschaft raises DM 128m

BY JOHN DAVIES IN FRANKFURT

METALLGESELLSCHAFT, the West German metals and engineering group, is raising DM 128m ($43.8m) in cash in a one-for-six rights issue.
JDAVY—42

At the same time the company has reaffirmed that it expects to resume a dividend payment for its current financial year, after omitting a payout for three years in succession.

The new shares, with a nominal value of DM 50, will be offered through a bank consortium at DM 160 in September. The company's shares have been trading lately at around DM 270.

The widely expected rights issue, which will raise Metallgesellschaft's nominal capital by DM 40m to DM 280m, will improve the company's financial structure and help underpin further growth in investment and business volume.

Metallgesellschaft said that the new shares would qualify for a dividend from the beginning of its new financial year on October 1.

The company said the favourable trend in business had continued so far this financial year and profits should be sufficient to enable it to build up reserves and resume a dividend.

Metallgesellschaft, in which Kuwait has a stake of some 20 per cent, has taken steps in the past few years to deal with loss-making operations in metal manufacturing and mining. It has also put aside risk provisions for the Ok Tedi gold and copper mining project in Papua New Guinea, in which it has a stake along with West German, U.S. and Australian partners.

After a loss of DM 19m in 1981-82, it made a group net profit of DM 25m in 1982-83 and again in 1983-84. It last paid a dividend of DM 4 per share on its 1980-81 profit.

Metallgesellschaft has moved strongly into countertrade activities, which have contributed to its recovery. Late last year it linked up in this field with First Boston Corporation, the U.S. investment bank, and Louis Dreyfus, the privately-owned French agricultural trading group.

Japan criticised for limits in deregulation process

BY OUR FINANCIAL STAFF

THE RESTRICTIONS attached to the current deregulation process in Japan's financial markets were sharply criticised yesterday by Lord Camoys, chief executive designate of Barclays De Zoete Wedd (BZW), the UK bank's new securities associate.

Addressing a conference of the British Invisible Exports Council in Hong Kong, he singled out the insistence of the Japanese authorities on a continued separation of broking and banking activities as a particular hindrance.

This in turn could hamper Japanese financial institutions in seeking a wider role abroad, he warned.

"Japan may find it more difficult to exercise her financial will than her industrial muscle. Japanese investment houses seem no further forward in their efforts to achieve banking recognition in the UK than they were five years ago."

Barclays Bank was last month granted Ministry of Finance permission, along with eight other foreign banks, to open a trust banking operation in Japan which will aim to attract pension fund business, previously a closely regulated Japanese preserve.

However, it has apparently been made clear to Barclays that, because of this, BZW will not be licensed to operate there in tandem. Barclays has been seeking British Government support to secure a reversal of this position.

"The Japanese attitude demonstrates a refusal to accept the growing synergy between all sections of financial businesses," Lord Camoys said.

Lord Camoys, who is also vice-chairman of Barclays Merchant Bank, welcomed the opening up of the country's lucrative and growing fund management business. But he added: "It is almost impossible to conceive that Japan will score an own goal by refusing further to liberalise her financial system."

Rembrandt raises payout after profits advance

BY JIM JONES IN JOHANNESBURG

REMBRANDT, the South African tobacco, liquor and industrial group, increased net profits to R218.1m ($112.9m) in the year to March from R179.6m the previous year.

Earnings rose to 524.3 cents a share from 492.9 cents and the total dividend has been lifted to 84 cents a share from 73 cents.

The group is among the most secretive in South Africa and gives no details of contributions to the profit increase.

However, the rand's persistent weakness during the second half of the financial year almost certainly enhanced the rand-denominated earnings of subsidiaries outside South Africa.

In addition, dividend income was increased by the acquisition in December of an additional 10 per cent interest in Volkskas, South Africa's fourth largest banking group. The purchase of the shares raised Rembrandt's interest in Volkskas to 30 per cent.

Rembrandt has frequently stated that it wants to broaden its banking interests. Both Rembrandt and Volkskas are due to appear as respondents in the Cape Town Supreme Court on November 5 in a case brought by Boland Bank, the country's sixth largest banking company, which is trying to determine the identity of the recent buyer of 10 per cent of its equity.

Sharp group earnings edge ahead

PROFITS growth at Sharp, the Japanese electronics group, was held back in the year to March with the inclusion of results of subsidiaries, writes Our Financial Staff.

Consolidated figures released yesterday showed a 4.8 per cent advance in net earnings to Y39.9bn ($164.2m) compared with Y38.1bn on sales 14.8 per cent ahead at Y1,167bn against Y1,017bn.

Ciba and Sandoz show sales growth

By William Dullforce in Geneva

CIBA-GEIGY and Sandoz, two big Swiss chemicals groups, yesterday reported good sales growth in the first half-year and both were positive about their earnings prospects for 1985.

At SwFr 10.6bn ($4.38bn) the six-month turnover of Ciba-Geigy was 13 per cent higher than in the first half of 1984 and 5 per cent larger, when expressed in local currencies.

Last year's disposal of Airwick, the air freshener company, to Reckitt and Colman, reduced the turnover figure. In the first half of 1984 Airwick contributed SwFr 355m to consolidated sales.

Sandoz showed sales of SwFr 4.5bn in the six months, a 20 per cent growth in both francs and local currencies, but its dollar revenues have been boosted by the inclusion from mid-April of Master Builders, the U.S. construction chemicals company, which it has just acquired. Master Builders had sales of around $150m last year.

Neither group reports interim profits. Ciba-Geigy forecasts a "good financial result" for 1985 as a whole, although it expects the rate of growth in sales to slacken during the second half, mainly because of seasonal fluctuations in its agricultural products. Sandoz merely states that earnings "show a positive trend."

The strength of the dollar in the half-year was an important element in both groups' sales performance.

Marine Midland and InterFirst report increased income

BY CHRIS CAMERON-JONES IN NEW YORK

AFTER three months of favourable trading conditions more U.S. banks look set to follow the pattern of higher second quarter earnings set by Chemical New York this week.

Marine Midland, the 17th largest bank in the country which is majority owned by Hongkong and Shanghai Bank, raised net profit in the quarter by 8.1 per cent to $28.5m, or $1.35 a share, from $26.4m or $1.24 a year ago.

There was an 11 per cent rise in the six-month figures to $54.4m, or $2.58 a share, against $48.9m or $2.29 previously.

Marine's loan loss provision rose from $19.5m to $29.3m year on year, but were down on the $35.3m seen in the first quarter of 1985. At the end of June loan loss reserves represented 1.45 per cent of all loans, and totalled $220m.

The earnings progress in both quarters this year came on the back of strong revenue growth arising from increases in net interest and non-interest income, including greater trading revenues and gains on securities transactions. The growth more than offset higher operating costs and bad debt provisions.

Total assets at June 30 were $22.4bn, against $23.1bn a year earlier. The decline reflects a change in strategy to concentrate resources in the American continent.

The Dallas-based bank Interfirst, the 18th largest in the U.S., achieved a 20 per cent increase in second quarter net income from $13.4m or 20 cents a share, to $16.1m or 24 cents.

This took the six-month total to $31.2m or 74 cents, up from $23m or 34 cents, in 1984.

Interfirst was helped by lower provisions for loan losses at $32.9m in the latest quarter, against $43.6m a year earlier and $92.9m in the first quarter of 1985.

Non-performing assets amounted to $796m, representing 5.13 per cent of total loans

Calgary bank dismisses fears about stability

BY BERNARD SIMON IN SASKATOON

NORTHLAND BANK, a small Western Canadian bank, has acknowledged receiving official support to offset the loss of deposits, but has dismissed concern about its financial stability.

Calgary-based Northland said that market nervousness had prompted wholesale depositors to withdraw "considerable" sums since the Canadian Government-sponsored rescue last March of Canadian Commercial Bank of Edmonton.

According to Northland, "some of these deposits are beginning to come back, and in the meantime liquidity support by other banks and by the Bank of Canada have helped us, while the market returns to normal."

The bank said that retail deposits had risen sharply since March. Northland's assets stood at C$1.26bn (US$ 930m) at the end of April. Profits in the first six months of the 1985 fiscal year were C$1.1m.

Heavy losses in the property and energy sectors have raised concern about the stability of financial institutions in Western Canada. Several trust companies have gone to the wall, but the authorities have expressed determination to support Canada's 14 domestically-owned banks to maintain the reputation of the country's financial system.

The Bank of Canada's short-term advances to banks have climbed steadily since the CCB bail-out, reaching C$1.57bn this week, compared to zero at the beginning of the year.

Piaggio battles to overcome the problems of weak demand

BY JAMES BUXTON IN ROME

IF THERE is one experience that no visitor to Italy ever forgets it is of driving into a city and being overtaken at at speed by a pretty girl on a Vespa scooter, a pair of dark glasses on her nose and her hair streaming into the wind from her unhelmeted head.

Or it may be jostling with the teenagers' Ciao and Bravo mopeds up the hills of Rome, or on some country road at dusk trying to avoid dimly-lit Ape three-wheeler pickups chugging along the kerbside as market gardeners head back from a day at market.

From the point of view of Piaggio, which makes all these vehicles in Italy, the images may be still powerful, but there are not enough for them. Since 1980 the number of vehicles Piaggio has sold has fallen from 937,000 to 553,000 last year—a drop of 41 per cent. In Italy, which last year accounted for 60 per cent of Piaggio's sales, the drop was 39 per cent.

Many people would call the situation a crisis, since it has sparked-off a steady decline in Piaggio's revenues in real and money terms since 1981, and allowed it to make profits totalling only L 1.8bn ($957,000) over the three years to 1984.

But Sig Giorgio Brazzelli, managing director of Piaggio, a family-owned concern, disagrees. "I would not call it a crisis. A crisis is something that you can make your way out of. This, on the other hand, was a gradual contraction of the market that had been going on since 1978. No one believes that the graph will go shooting up again. What we are doing is learning to live with this reduced market."

The fall in the world market for two-wheelers (including motorcycles) took almost everybody by surprise. Sig Brazzelli points out that in 1980 Japan produced 7.9m two-wheeled vehicles and MITI, Japan's Trade and Industry Ministry, projected a rise in output to 11m a year over the coming years. Honda, Yamaha, Suzuki and Kawasaki expanded production facilities accordingly.

Yet in fact last year Japan sold only 5.5m units, and is said to be having to cope with a backlog of unsold stocks.

Piaggio blames the collapse of demand on several factors. One is that the number of young people is in decline in many countries in Europe. Another is that fashions are changing: many young people prefer to spend their money on other things, such as computers, Hi-Fi, motorcycles, and even cars, rather than scooters and mopeds. Furthermore economic recovery in Europe has been slow.

Yet according to Sig Brazzelli who arrived at Piaggio at the beginning of 1984 from Agusta, the helicopter maker, it was only last year that Piaggio decided that the fall in the market was permanent and decided to take drastic action.

One theoretical escape route was not open to it. Piaggio already has two-thirds of the Italian market for scooters and what Sig Brazelli calls a "near-monopoly" of that for mopeds and three-wheelers. So there was no real chance of recovery by gaining market share.

For unlike Britain, Italy protects its domestic market for two-wheelers up to 350cc, so Piaggio faces virtually no Japanese competition. Its competitors are other Italian companies, plus Peugeot and other European manufacturers.

"The only thing to do was to lower the breakeven point while keeping sales as high as possible in Europe, and expanding our operations in developing countries," says Sig Brazzelli.

Lowering the breakeven point meant cutting the labour force and closing large parts of the company's main plant, at Pontedera near Pisa. Shedding labour is especially difficult in Italy, but Piaggio succeeded thanks, it says, to its good ties with local politicians and with the trade unions.

Piaggio got its permanent workforce down to 7,250 by the end of last year, compared with 12,250 only two years before.

At the same time the company carried out a ruthless policy of destocking. Production in 1984 was 513,000 vehicles, and fewer than the 552,000 vehicles sold. This policy reduced the amount of money tied up in stocks and enabled Piaggio to reduce its debt by 30 per cent from L120bn to L83bn in 1984.

The group ratio of shareholders equity to debt improved from 1:1 to 1.6 in a year. But net profit was just L765m on sales of L569bn—some L31bn less than in 1983. For this year Piaggio is not yet able to forecast results.

But its drive to penetrate country market is doing well. It is setting up a plant in India, where it will own 28 per cent of a joint venture to produce 200,000 Vespa scooters and 50,000 three-wheelers.

Some 2m people are said to have reserved Vespa scooters in the first month that they went on sale there—following years during which the Indian Government prohibited foreign manufacturers from coming into the country.

A smaller plant is being built in Brazil, also in a joint venture, and recently Piaggio won an order worth L20bn for 10,500 three-wheelers—the famous Ape.

The trouble with joint venture manufacturing deals, says Sig Brazzelli, is that they decline. "First you start exporting kits, but then as local production improves your exports decline. After a few years you have to try to introduce a second model—or try somewhere else. And the competition is ferocious—always from Japan."

Yet it is from a joint venture with Japan that Piaggio is hoping to draw substantial revenues in the future. It has reached an agreement to manufacture Mitsubishi turbo-compressors under licence in Italy for sale in Europe for turbo-charged cars.

Production starts in 1987 and Piaggio is aiming eventually to produce 400,000 turbo compressors a year, equal to 20 per cent of the European market.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$500	24	20	8	27	—	..	$316.50
GOLD C	$520	30	6.30	6	16.50	—	..	"
GOLD C	$540	317	1.40	9	7	30	13	"
GOLD P	$500	162	2.30	14	5.80	36	9	"
GOLD P	$320	100	8	—	—	—	—	"
		Sept.		Dec.		March		
SILVER C	$650	—	—	100	38	—	—	$606
SILVER C	$750	20	3	—	—	—	—	"
SILVER P	$600	16	20	—	—	—	—	"
$/FL C	FL330	001	8	—	—	4	11.50A	FL324.80
$/FL C	FL335	156	4.10	3	6.00	—	—	"
$/FL C	FL340	265	3	5	5.20	—	—	"
$/FL C	FL345	55	1.60	—	—	10	6.50	"
$/FL C	FL350	330	1.50	12	3.50	—	—	"
$/FL C	FL360	15	0.60	10	3	—	—	"
$/FL C	FL365	15	0.70A	18	1.70	—	—	"
$/FL C	FL370	35	0.40	10	1.50	—	—	"
$/FL P	FL375	50	0.40	—	—	—	—	"
$/FL P	FL660	—	—	155	1	—	—	"
$/FL P	FL330	207	10.60	260	14.50	10	18.80	"
$/FL P	FL335	143	13.50	25	18.50	—	—	"
$/FL P	FL340	71	16.50	352	21.20	1	26	"
$/FL P	FL345	72	20.80	11	23	—	—	"
$/FL P	FL350	22	26	12	20.50	—	—	"
$/FL P	FL370	45	..	2	46.50a	—	—	"
$/DM P	DM3.15	100	28 a	—	—	—	—	DM3.32
£/$ C	$130	50	9.50 a	100	10.50 a	—	—	$133.10
£/$ P	$130	—	—	30	4.80	—	—	"
£/$ P	$140	60	6.10	—	—	—	—	"
		Jul.		Oct.		Jan.		
ABN C	FL460	60	17	104	24 B	7	28	FL477
ABN P	FL450	10	0.10	43	7	—	—	"
AEGN C	FL100	804	0.40	100	3.60	58	6.20	FL98.30
AEGN P	FL100	40	0.50A	54	4.80a	1	5.50	"
AH C	FL240	—	—	70	8.90	14	11A	FL255
AH P	FL250	30	0.50	42	5	—	—	"
AKZO C	FL100	070	0.50	450	5.50	316	7.60	FL117
AKZO P	FL100	71	0.60	354	3.50	115	7.10	"
AMRO C	FL85	20	1.40	99	2.20	31	5.80	FL66.40
AMRO P	FL80	—	—	35	2.80	—	—	"
GIST C	FL180	45	11	—	—	1	—	FL200.70
GIST P	FL180	67	0.10	—	—	—	—	"
NEIN C	FL150	87	1.30	70	5.80	3	10	FL148.10
NEIN P	FL140	—	—	35	1	—	—	"
HOOG C	FL65	140	0.20	555	2.80	74	4.10A	FL60.40
NOOG P	FL60	15	0.80	28	1.40	—	—	"
KLM C	FL60	1034	2.10 B	228	4.20	120	6.20	FL62.20
KLM P	FL60	25	0.30	348	2.60	12	3.50 B	"
NEDL C	FL160	66A	1.40	410	7.70	36	8	FL172.50
NEDL P	FL170	68	1.70	225	6.60	—	—	"
NATN C	FL78.50	155	8.70	26	5.50	—	—	FL78.40
NATN P	FL75	10	—	1	3.80	30	3.80	"
PHIL C	FL50	173	0.70	145	3	985	4	FL49.80
PNIL P	FL50	77	0.60	125	2.80	385	3.10	"
RD C	FL210	5	0.10	147	9.90	20	3.60	FL194.10
RD P	FL170	—	—	250	0.70	—	—	"
ROBE C	FL78	117	1.50	—	—	—	—	FL76.50
ROBE P	FL75	40	0.20	—	—	—	—	"
UNIL C	FL360	120	0.60	145	8.20	47	11	FL359.40
UNIL P	FL340	—	—	37	4.90	7	3.50	"

TOTAL VOLUME IN CONTRACTS: 53,104
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*691)	460	87	82	—	1	7	--
	500	30	48	58	3½	17	23
	550	3	20	33	23	40	48
	600	1	10	18	80	85	88
Cons. Gold (*497)	460	47	60	—	1½	3	-
	500	17	55	45	12	20	27
	550	1	18	30	52	57	62
	600	1	4	11	105	105	107
Courtaulds (*156)	160	9	16	20	1	5	7
	140	6	10	15	5⅛	0	10
	160	0½	6	8	24	24	25
Com. Union (*209)	180	32	34	—	1	4	—
	200	15	20	30	2½	10	13
	220	4	14	01	15	16	23
	240	1	8	13	32	34	36
G.E.C. (*168)	160	8	18	28	3	6	8
	180	1½	11	16	16	18	18
	200	1	3	7	34	36	36
	220	1	1	—	54	56	—
Grand Met. (*283)	280	12	23	30	4	9	12
	300	2	11	18	20	23	25
	350	1	4	0	48	48	48
I.C.I. (*294)	700	14	37	50	11	40	50
	750	3	17	30	60	77	84
	800	1	7	15	110	120	194
Land Sec. (*263)	260	7	17	24	4	0	12
	280	1½	0	15	20	21	23
	300	0½	4	7	40	40	40
Marks & Sp. (*138)	120	18	24	--	1	2	—
	160	8	16	20	0	5	6¾
	140	1½	0	14	6	11	14
	160	1	4	5	05	26	28
Shell Trans. (*673)	600	78	—	..	9	—	—
	650	30	47	60	4	13	16
	700	7	25	35	28	35	42
	750	1½	12	17	73	83	90
Trafalgar Hse (*344)	623	25	34	—	1	7	—
	330	—	—	34	—	—	13
	353	5	18	--	13	18	—
	660	—	—	20	..	—	27

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
BAT Inds. (*301)	080	28	—	--	4	—	—
	300	18	06	86	12	18	23
	330	6	13	18	35	40	45
	360	3	5	—	63	65	--
Barclays (*300)	336	70	77	..	8	3	..
	360	..	—	87	—	..	8
	385	32	49	—	17	20	—
	300	—	—	45	—	—	23
	420	—	—	27	—	--	46
Brit. Aero (*531)	330	16	07	38	9	15	22
	360	4	16	03	32	33	35
	380	1	6	10	60	60	60
	420	1	9	4	00	00	00
	460	1	1	—	130	130	..
Bt. Telecom (*170)	130	44	—	—	0½	—	--
	140	34	...	.	1	—	--
	150	24	—	.	1	—	--
	160	16	26	30	2	4	7
	170	8½	18	—	5	8	.
	180	5	11	19	11	14	16
	200	1	7	10	30	30	31
	220	1	2	5	50	50	51
Imperial Gp. (*166)	160	13	18	22	6	10	10
	180	4½	10	16	20	22	23
	200	2	4	8	38	38	40
	220	1	0⅛	—	58	58	...
LASMO (*251)	240	32	40	50	7	12	15
	260	17	27	33	16	23	30
	280	8	17	25	27	35	40
	293	5	0	.	40	40	—
	300	—	—	14	—	—	65

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*167)	140	30	—	—	1½	—	—
	160	11	13	22	3	6	8
	180	2	7	12	16	13	20
P. & O. (*350)	300	57	—	—	3	—	—
	330	28	43	50	4	10	15
	360	10	22	32	20	25	28
	300	3	8	15	43	45	43
	420	1	—	—	70	—	—
Racal (*134)	150	14	00	26	6	8	10
	140	8	14	20	12	14	16
	160	5	8	12	28	28	30
	180	1	3	8	48	48	48
R.T.Z. (*549)	650	25	43	55	13	25	33
	600	11	23	33	60	66	70
	650	3	12	—	110	110	.
Vaal Reefs (*$87)	80	10	13	16¾	8¼	5½	7
	00	4¼	7½	10¼	6¾	10½	13¼
	100	0	4	6½	14¼	17¼	18½
Ex 10% 1988 (*196)	80	6⅝	—	--	[illegible]	—	--
	82	4⅝	[illegible]	--	[illegible]	[illegible]	--
	94	[illegible]	[illegible]	[illegible]	[illegible]	0⅛	0¼
	96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/07 (*£110)	106	4⅛	5⅛	5¾	0⅛	[illegible]	[illegible]
	108	2¾	[illegible]	4⅜	[illegible]	[illegible]	1½
	110	1¼	[illegible]	[illegible]	1¼	[illegible]	2¼

Option		Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
BTR (*350)	300	46	55	60	4	0	16
	325	25	35	...	15	18	—
	330	—	..	40	—	—	28
	350	11	26	—	30	33	—
Beecham (*300)	300	23	30	38	10	14	18
	330	8	17	20	30	36	38
	360	4	7	—	60	60	—
Bass (*540)	500	62	74	85	5	11	13
	550	28	57	47	20	50	37
	600	8	30	—	60	62	..
De Beers (*$5.45)	460	100	110	—	12	18	—
	600	55	73	00	20	53	43
	550	25	40	57	43	63	78
GKN (*281)	180	49	—	—	2	—	—
	800	30	37	44	3	7	8
	28	18	04	38	10	13	15
	240	7	13	19	20	33	35
Glaxo (*1106)	1200	45	75	105	40	55	70
	1300	15	30	40	110	110	120
Hanson (*185)	180	—	24	28	—	10	14
	182	17	—	—	7	—	—
	195	8	16	—	16	20	—
	200	--	..	16	—	—	25
Jaguar (*248)	240	22	—	—	0	—	—
	260	12	21	28	19	23	27
	280	0½	11	17	33	33	35
	300	3	7	—	53	53	—
Tesco (*240)	236	20	27	—	7	13	—
	240	—	--	08	--	.	15
	256	8	16	—	22	25	—
£/$ (*130.02cts)	120	18.20	10.40	18.80	0.35	1.65	5.03
	125	14.80	16.20	15.80	0.80	2.73	4.60
	130	0.70	11.55	12.80	1.90	4.30	6.50
	135	6.40	8.80	10.00	3.30	5.60	8.60
	140	6.90	6.00	7.70	8.10	0.80	11.30
$/DM (*25.76 cts)	32	2.85	3.16	3.60	0.20	0.60	0.75
	33	2.15	2.45	2.95	0.33	0.80	1.05
	34	1.35	1.90	2.40	0.70	1.20	1.45
	35	0.85	1.35	1.90	1.30	1.70	2.00

Option		Calls Jly	Calls Aug	Calls Sep	Calls Dec	Puts Jly	Puts Aug	Puts Sep	Puts Dec
FT-SE Index (*1226)	1800	-	—	60	—	—	..	23	...
	1025	02	30	..	--	12	23	...	...
	1250	8	18	30	47	30	38	50	60
	1275	3	8	—	—	53	58	...	...
	1300	..	—	13	25	—	—	80	90
	1350	...	—	6	12	—	—	130	130

July11 Total Contracts 7,854. Calls 4,452. Puts 3,402
* Underlying security price

U.S. QUARTERLIES

ALLIED BANCSHARES
Bank holding company

	1985	1984
Second quarter	$	$
Net profits	30.4m	29.6m
Net per share	0.74	0.72
Six months		
Net profits	61.9m	57.5m
Net per share	1.50	1.40

AMERICAN HOSPITAL SUPPLY
Health care products

	1985	1984
Second quarter	$	$
Revenue	834.7m	864.7m
Net profits	53.4m	59.8m
Net per share	0.72	0.82
Six months		
Revenue	1.66bn	1.72bn
Net profits	103.3m	118.0m
Net per share	1.42	1.61

AMSOUTH BANCORP.
Alabama's biggest bank

	1985	1984
Second quarter	$	$
Net profits	10.8m	8.4m
Net per share	1.05	0.85
Six months		
Assets (end-June)	4.09bn	3.79bn
Net profits	20.8m	18.4m
Net per share	2.02	1.66

BANCTEXAS
Bank holding company

	1985	1984
Second quarter	$	$
Net profits	†13.3m	1.7m
Net per share	†0.60	0.06
Six months		
Net profits	†11.9m	3.5m
Net per share	†0.55	0.12

† Loss.

CPC INTERNATIONAL
Grocery products, milling

	1985	1984
Second quarter	$	$
Revenue	1.06bn	1.11bn
Net profits	42.5m	50.2m
Net per share	0.87	1.03
Six months		
Revenue	2.07bn	2.17bn
Net profits	73.7m	85.1m
Net per share	1.55	1.75

DESOTO
Paints, coatings

	1985	1984
Second quarter	$	$
Revenue	128.0m	126.1m
Net profits	6.4m	6.4m
Net per share	1.34	1.14
Six months		
Revenue	220.9m	214.8m
Net profits	7.2m	10.0m
Net per share	1.31	1.79

FIRST NATIONWIDE FINANCIAL†
Savings and loans

	1985	1984
Second quarter	$	$
Net profits	18.6m	11.8m
Net per share	1.21	0.78
Six months		
Net profits	29.4m	22.1m
Net per share	1.92	1.47

† 81 per cent owned by National Intergroup.

KAISER ALUMINUM
Aluminium producer

	1985	1984
Second quarter	$	$
Revenue	845.3m	794.3m
Net profits	†14.3m	32.6m
Net per share	†0.35	0.74
Six months		
Revenue	1.66bn	1.48bn
Net profits	†32.8m	47.1m
Net per share	†0.79	1.07

† Loss.

N2B BANCORP
Banking

	1985	1984
Second quarter	$	$
Net profits	30.0m	22.3m
Net per share	1.10	0.94
Six months		
Assets (end-June)	16.13bn	13.37bn
Net profits	56.1m	42.9m
Net per share	2.29	1.80

WESTINGHOUSE ELECTRIC
Electrical equipment

	1985	1984
Second quarter	$	$
Revenue	2.56bn	2.56bn
Net profits	143.9m	128.1m
Net per share	0.21	0.72
Six months		
Revenue	4.87bn	4.83bn
Net profits	273.5m	244.7m
Net per share	1.53	1.38

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	135	—	6.5	4.6	7.5	8.9
151	135	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
77	44	Airsprung Group	44xd	—	6.4	14.5	7.3	0.6
42	26	Armitage and Rhodes	36	− 1	2.9	2.1	4.5	7.3
158	108	Bardon Hill	155xd	+ 1	4.0	2.6	12.6	20.4
64	42	Bray Technologies	64	—	3.9	6.1	7.2	2.0
201	161	CCL Ordinary	162	—	12.0	7.4	4.0	3.2
152	105	CCL 11pc Conv. Pref.	106	—	15.7	14.8	—	—
130	10	Carborundum Ord	130	—	4.0	3.8	6.4	10.1
88	83	Carborundum 7.5pc Pf.	88	+ 1	10.7	12.2	—	—
73	46	Deborah Services	46	—	6.5	14.1	4.4	7.1
457	182	Frank Horsell	457	—	1.4	0.3	11.7	15.0
385	170	Frank Horsell Pr Ord 87	369	—	11.9	3.2	8.3	12.2
32	25	Frederick Parker	26	—	—	—	—	—
65	33	George Blair	66	+ 1	—	—	4.4	8.7
50	20	Ind. Precision Castings	20	− 1	2.7	13.5	3.5	6.0
218	177	Isis Group	180	—	15.0	8.3	7.1	12.0
124	101	Jackson Group	106	− 1	5.5	5.2	7.1	7.1
285	213	James Burrough	234	—	15.0	6.4	7.4	7.4
93	83	James Burrough 9pcPf.	89	—	12.9	14.5	—	—
95	71	John Howard and Co.	89	—	5.0	5.6	7.1	11.1
225	100	Linguaphone Ord.	214	—	—	—	7.9	8.2
100	52	Linguaphone 10.5pc Pf.	94	—	15.0	16.0	—	—
650	300	Minihouse Holding NV	600	—	8.9	1.1	28.2	24.8
130	31	Robert Jenkins	66	—	5.0	7.6	—	—
60	28	Scruttons "A"	33	—	—	—	—	8.5
92	61	Torday and Carlisle	75	—	5.0	6.7	3.6	6.8
444	325	Trevian Holdings	325	—	4.3	1.3	18.5	18.2
50	17	Unilock Holdings	30	—	1.3	4.3	14.6	21.0
104	81	Walter Alexander	103	—	7.5	7.3	7.7	11.1
247	216	W. S. Yeates	220	—	17.4	7.8	6.3	10.6

Prices and details of services now available on Prestel, page 48146

WORLD STOCK MARKETS

NEW YORK

[illegible]

WALL STREET

Easier on early profit taking

MODEST LOSSES were recorded on Wall Street yesterday, when profit-takers moved in after a two-day advance that had the averages back at record levels.

The Dow Jones Industrial average, which gained 16 points in two days was off 1.45 at 1,336.25 by 1 pm, reducing its net gain over the week to a mere 1.80. The NYSE All Common index shed 2 cents to $111.93 but still held a 28 cents gain on the week. Declines led advances by a narrow margin in a volume of 83.70m shares.

Keith Hertell, of Drexel Burnham Lambert, said the Stock Market was buffeted by cross currents that would take investors some time to sort out. Although a new Government report showed U.S. retail sales fell 0.8 per cent last month, Hertell said he expected to see further gains in the Stock Market based on hopes for a better economy in the second half.

Another report showed producer prices unchanged in June.

Trans World Airlines led the actives, up $½ to $21½—the stock has been aided by speculation there might be a new offer to top a merger bid from Texas Air.

IBM were off $½ to $123¼—it reports earnings Monday.

Union Carbide further improved $¼ to $49, aided partly by speculation about a takeover attempt. The company said it knew of no corporate developments.

Other Chemicals were stronger with help from the weaker U.S. dollar. Celanese advanced $2½ to $128½, Monsanto $¼ to $50¾ and Allied $½ to $44¾.

Zayre gained another $1½ to $55 on its 22 per cent rise in June sales.

American Hospital Supply were $1 higher at $43 on 690,000 shares—it is the object of a takeover bid from Baxter Travenol Laboratories up $⅜ to $15½.

THE AMERICAN SE Market Value index shed 0.24 to 232.97 in a volume of 4.56m shares.

BAT Industries led the actives, off $⅛ to $4⅞.

Closing prices for North America were not available for this edition

CANADA

Stocks were mixed in fairly active trading at midsession, reflecting the lack of direction from Wall Street.

The Toronto Composite index edged up 0.67 to 2735.26. Metals and Minerals rose 11.2 to 1878.4 and Golds put on 2.0 to 3679.9. But Oil and Gas lost 13.8 to 3174.0.

TOKYO

Major Electronics ended at their lowest levels this year after news that the U.S. Government will investigate Japanese microchip manufacturers' trade practices.

Their performance dragged the Nikkei Dow average down for the fifth day running, dipping 18.61 to 12,839.49, following a 153.99 fall Thursday. Turnover 780m (750m) shares, the largest since June 19.

U.S. Trade Representative Clayton Yeutter has decided to investigate a petition from the U.S. Semiconductor Industry Association and, if unfair trade charges are proven, might recommend President Reagan take retaliatory action against Japanese micro-electronic products, analysts noted.

The broad-based S.E. index shed 0.53 to 1,048.36 in a volume of 18.2m (15.6m) shares.

However, Construction firms were still a market focus, with Taisei gaining Y26 to 312, Kajima Y25 to 409 and Sato Kogyo Y41 to 377. Most Cements, Railways and Warehouses were higher.

Heavy Industrials, Motors, Banks and Drugs all closed mixed, but the Trading Houses, Steels, Oils and Foods fell.

HONG KONG

Strong buying interest in the Property sector pushed stock prices sharply higher, lifting the Hang Seng index to its first close above 1,600 in more than a month.

The Hang Seng index finished 17.97 up at 1,615.78. It last closed over 1,600 on June 6, the day before the Hong Kong Government was forced to take over the Overseas Trust Bank to prevent a collapse.

Brokers said rumours linked to several Property firms and speculation about a cut in interest rates today accounted for much of yesterday's activity.

Turnover climbed to HK$457.07 from HK$321m.

Activity also stemmed from unconfirmed rumours that Jardine Matheson Holdings, up 50 cents to HK$11.9, had sold its controlling interest in Hongkong Land, up 20 cents to HK$6.15. The companies wouldn't comment on the rumours.

Paul Y Construction shed 5 cents to HK$2.825—earlier this week it announced lower fiscal year profits.

HK Bank put on 10 cents to HK$7.7—Thursday it announced a U.S.$400m note issue.

SINGAPORE

News that a local afternoon newspaper will cease publication prompted a wave of stoploss selling which pushed share prices lower over a broad front in fairly active trading.

The Singapore Monitor, a subsidiary of Singapore Press Holdings, said it suffered heavy losses and would print its last issue on July 14. The news caused SPH to fall 30 cents to S$5.45 with S52,000 units traded.

The Straits Times Industrial index lost 9.51 to 725.27 and the SE All Share index 1.42 to 260.43. Turnover 11.4m (9.1m) shares.

Market sentiments were also influenced by a fear that there is going to be another political quarrel within the Malaysian Chinese Association, which is a partner in the ruling National Front in Malaysia, a dealer said.

Among other active counters, Promet shed 5 cents to S$1.07 on a volume of 531,000 shares, and DBS shed 10 cents to S$5.20 with 454,000 units exchanged.

AUSTRALIA

A late rally led by a 92 cents jump in the Castlemaine to £A7.74 pushed the All Ordinaries index up 1.9 to a further record of 908.6.

One broker appeared to be buying Castlemaine for a client who brokers believed could be Perth businessman Alan Bond.

The Industrials market added 8.5 at 1328.6, its eighth record close in succession. The All Resources index eased 3.1 to 583.5, the Gold index dropped 5.0 to 586.6, Metals and Minerals lost 3.5 to 515.5 and Oil and Gas dipped 93 to 63.4.

Continued activity in situation stocks saw investors spend $A103.5m through the day, with 63.4m shares traded. Advances led declines 251-to-165.

Resource stocks were weak after an overnight rise in the value of the Australian dollar depressed offshore interest. Following an 8 cents fall in the morning session, market leader BHP finished 3 cents down at $A6.56.

SWITZERLAND

Domestic stocks closed steady in moderate trading on the day-earlier gains in Wall Street, the substantial firming of the Swiss franc against the dollar and favourable company news.

Major Banks were in demand ahead of half-year figures expected in the second half of this month.

In Chemicals, Ciba-Geigy and Sandoz shares each benefited from improved half-year results.

Dollar stocks traded below over-night New York closing levels.

Swiss bonds ended firm in moderately active trading.

GERMANY

Share prices closed with heavy losses after a jittery, uncertain session, but in fairly thin volume.

Dealers said the sharply weakening dollar undermined confidence in markets previously bolstered by strong export performances on the back of a "cheap" mark. But foreign selling to realise currency profits had not so far materialised.

"We're trading in a vacuum," one dealer said, adding that the downturn could no longer be considered simply a technical reaction to recent record gains.

The Commerzbank index of 60 leading shares, calculated at mid-session, was down 26.3 at 1,397.7, a full 6 per cent lower than last Friday's record high of 1,486.2.

Insurance company Allianz fell DM 52 to 1,353.

CANADA

Stock	July 11	July 10
AMCA Intl	14⅞	15
Agnico Eagle	16⅞	16¼
Alberta Energy	18⅝	18⅞
Alcan Aluminium	32⅝	32¾
Algoma Steel	20½	20¼
Cambell Red Lk.	28⅞	29⅛
Can. Cement Pt.	10½	10½
Can. NW Energy	22⅝	22¼
Can. Packers	54½	55½
Can. Trustco	36½	36¾
Can. Imp. Bank	36⅝	37
Can. Pacific	18¾	19½
Demo Mines	8¼	9¼
Dome Petroleum	2.85	2.90
Domtar	20½	19¾
Falconbridge	18⅛	18⅜
Loblaw	19⅞	19⅛
Macmil Bloedel	20½	20⅝
Marks & Spencer	11¼	11
Massey Ferguson	2.85	2.70
McIntyre Mines	37¼	37
Ranger Oil	4.55	4.56
Read. St'house A	20¼	20
Rio Algom	20	19⅞
Royal Bank Can.	31⅞	31⅝
Royal Trust A	20⅜	20⅝
Sceptre Res	8⅛	8⅛
Seagram	65	65
Thomson News A	21½	21⅞
Weston (Geo.)	84⅞	83½

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Indices

NEW YORK

DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

AUSTRALIA · AUSTRIA · BELGIUM · DENMARK · FRANCE · GERMANY · HONG KONG · ITALY · JAPAN · NETHERLANDS · NORWAY · SINGAPORE · SOUTH AFRICA · SPAIN · SWEDEN · SWITZERLAND · WORLD

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

** Saturday July 6: Japan Nikkei-Dow 12,040.1, TSE 1,048.20.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrials—264.3, and Australia, All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

هكذا من الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak

The dollar fell to its lowest level since August last year against the D-mark, following a larger than expected fall in U.S. retail sales. The figure for June showed a drop of 0.8 per cent and added to the bearish mood surrounding the dollar at the moment. It closed at DM 2.89 from DM 2.9185. Against the Swiss franc it fell to SwFr 2.3995 from SwFr2.4355 and Y240.85 compared with Y243.00. Against the French franc it fell to FFr 8.78 from FFr 8.87. On Bank of England figures, the dollar's exchange rate index slipped from 140.3 to 138.9.

Other economic data released yesterday included the producer prices index which was unchanged. Nevertheless, the market now seems convinced of a downward revision in second quarter GNP figures next week and the prospect of lower U.S. interest rates.

Sterling retreated a little although its closing exchange rate index was unchanged from Thursday at 83.4. The market appeared to be marking time in anticipation of a reduction in base rates by the major UK banks. This did not materialise and although the pound finished a little firmer against the dollar at $1.3855-1.3865, a rise of 40 points, it fell against the D-mark to DM 4.00 from DM 4.0275 and Y333.50 compared with Y335.50. Elsewhere it slipped to SwFr 3.3250 from SwFr 3.3625 and FFr 12.1450 from FFr 12.2650.

£ IN NEW YORK

	July 12	Prev. close
£ Spot	$1.3885-1.3900	$1.3740-1.3750
1 month	0.55-0.50 pm	0.54-0.52 pm
3 months	1.45-1.40 pm	1.48-1.44 pm
12 months	4.00-3.90 pm	4.00-3.93 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	July 12	Previous
8.30 am	83.2	84.0
9.00 am	83.2	84.0
10.00 am	83.4	83.8
11.00 am	83.3	83.4
Noon	83.2	83.0
1.00 pm	83.3	83.5
2.00 pm	83.3	83.3
3.00 pm	83.3	83.2
4.00 pm	83.4	83.4

POUND SPOT—FORWARD AGAINST POUND

[illegible]

Belgian rate is for convertible francs. Financial franc 81.65-81.75. Six-month forward dollar 2.50-2.46c pm, 12-month 3.55-3.50c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.90-59.00.

OTHER CURRENCIES

July 12	£	$		£ Note Rates
Argentina Austl.	1.1118-1.1134	0.8000-0.8010	Austria	28.10-28.40
Australia Dollar	1.9800-1.9840	1.4235-1.4275	Belgium	81.10-81.20
Brazil Cruzeiro	8,656-8,020	6,160-6,180	Denmark	14.35-14.49
Finland Markka	8.3835-8.4233	6.0500-6.0520	France	12.14-12.20
Greek Drachma	178.01-181.87	189.41-132.13	Germany	3.98½-4.03½
HongKong Dollar	10.7350-10.7750	7.7470-7.7500	Italy	2575-2610
Iran Rial	197.70*	01.00*	Japan	334-337
KuwaitDinar(KD)	0.4183-0.4186	0.30120-0.30150	Netherlands	4.49¾-4.53¾
Luxembourg Fr.	80.45-80.55	58.00-58.15	Norway	11.58-11.69
[illegible]	[illegible]	[illegible]	Portugal	[illegible]
[illegible]	[illegible]	[illegible]	Spain	[illegible]
[illegible]	[illegible]	[illegible]	Sweden	[illegible]
[illegible]	[illegible]	[illegible]	Switzerland	[illegible]
[illegible]	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

* Selling rate.

EXCHANGE CROSS RATES

[illegible]

MONEY MARKETS

Rates ease

Interest rates were slightly easier in London yesterday as the market waited for a reduction by UK clearing banks in their base rates. This was not forthcoming. Three-month interbank money finished at 11 15/16-12 1/16 per cent compared with 12 1/16-12 3/16 per cent on Thursday. Three-month eligible bank bills were bid at 11⅞ per cent from 11 15/16-11⅞ per cent. Weekend interbank money traded between 12 per cent and 14 per cent.

UK clearing banks base lending rate 12-12½ per cent since July 11.

The Bank forecast a shortage of around £900m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £529m and Exchequer transactions a further £35m. There was also a rise in the note circulation of £265m and banks brought forward balances £75m below target.

The Bank gave assistance in the morning of £6m and this comprised purchases of £3m of eligible bank bills in band 1 (up to 14 days) at 11⅞ per cent, £2m in band 2 (15-33 days) at 11 13/16-11⅞ per cent and £1m in band 3 (34-63 days) at 11¾ per cent. The forecast was later revised to a shortage of around £1,000m before taking into account the early help and the Bank gave further assistance in the morning of £361m. This comprised purchases of £31m of eligible bank bills in band 1 at 11⅞ per cent and in band 2 £10m of Treasury bills and £306m of eligible bank bills all at 11 13/16 per cent. In band 3 it bought £4m of eligible bank bills at 11¾ per cent and in band 4 (64-91 days) £10m of eligible bank bills at 11 11/16 per cent.

The Bank also provided late assistance of £225m, making a total of £589m.

LONDON MONEY RATES

[illegible]

ECGD Fixed Finance IV: Average Rate of Interest period June 5 to July 2 (inclusive): 12.535 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance House Base Rate (published by the Finance Houses Association): 13 per cent from July 1 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Average tender rate of discount 11.4987 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12½ per cent, one-three months 12¼ per cent; three-six months 12 per cent; six-nine months 11¾ per cent; nine-12 months 11½ per cent. Under £10,000 11½ per cent from July 12. Deposits held under Series 5 11¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTERBANK FIXING FT LONDON

(11.00 a.m. July 12)

3 months U.S. dollars	
bid 7 7/8	offer 8

6 months U.S. dollars	
bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Sterling's recent firmer trend helped to keep the downward momentum in interest rates and there was little reaction to the four UK clearing banks declining to cut their base rates after Thursday's half point reduction to 12 per cent by Citibank.

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 7¾-7⅞ per cent; seven days 7 11/16-7 13/16 per cent; one month 7¾-7⅞ per cent; three months 7 15/16-8 1/16 per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollars: two years 9¼-9½ per cent; three years 9¾-10 per cent; four years 10¼-10½ per cent; five years 10¾-10⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen, others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

[illegible]

REVIEW OF THE WEEK

London coffee price slide accelerates

BY OUR COMMODITIES STAFF

THE RECENT slide in coffee prices on the London futures market accelerated again this week as sterling continued to strengthen against the U.S. dollar and frost stayed away from Brazilian growing areas.

The September futures position ended £193.50 down on the week at £1,671 a tonne, the lowest level since August 1983.

With world stocks standing at a very high level and consumers' needs well covered at present the possibility of frost striking at next year's crop prospects in Brazil—far and away the world's biggest producing country—has been the only factor arguing against an even more substantial fall in coffee prices. With the traditional peak risk period coming next week (Friday will be the tenth anniversary of Brazil's worst-ever coffee frost) there has been the usual talk this week, emanating from the Brazilian coffee trade, of low temperatures in the coffee belt.

A Reuter report from Rio de Janeiro yesterday said temperatures were well above freezing on Thursday night and Accu-Weather, a U.S. forecasting agency, said no frost damage was expected at least until Monday.

London cocoa futures also lost ground, chiefly on the rise in the value of the pound but also because of a slackening in consumer demand. The September delivery position ended £75.50 down on the week at £1,694.50 a tonne.

U.S. cocoa grindings in the second quarter of this year were 9.8 per cent down from the corresponding 1984 period, the U.S. Chocolate Manufacturers' Association reported yesterday.

London sugar futures prices, which are quoted in dollars, moved a little higher on the week on sterling's strength and the London daily raws price ended $1.50 up at $86.50 a tonne.

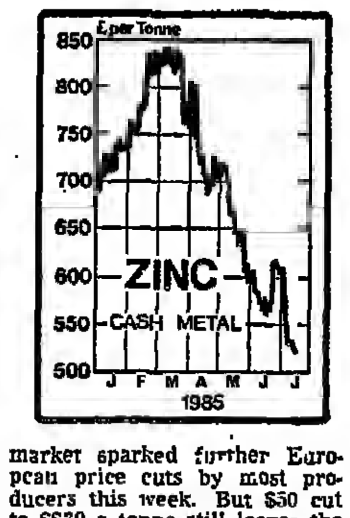
The continuing weakness of the Malaysian rubber market prompted further buying for the International Natural Rubber Organisation (INRO) buffer stock and this resulted in the stock rising above 300,000 tonnes. The INRO Council will now have to hold a special session to review buffer stock authorisations.

The chief points of interest on the London base metal markets were a further sharp fall in the zinc price and the elimination of the substantial premium for cash tin over the three months position.

The cash zinc price ended the week £47.50 lower at £513.50 a tonne, the lowest level for nearly two years and more than £330 below this year's peak level reached in March.

The sharp fall in the free market sparked further European price cuts by most producers this week. But $50 cut to $830 a tonne still leaves the producer level well above the free market.

Further easing in the nearby tin supply shortage resulted in the cash premium over three months coming down from £99.50 at the end of last week to only £0.50 a tonne. The cash price fell £440 on the week to £9,062.50 a tonne, partly reflecting sterling's advance.



BASE METALS

LME prices supplied by Amalgamated Metal Trading

[illegible]

RUBBER

The London physical market opened unchanged, attracted covering interest following INRO enquiries and closed quiet, reports Lewis and Peat. Closing prices (buyers): spot 65.00p (same); Aug 61.00p (same); Sept 61.00p (same). The Kuala Lumpur fob price for RSS No. 1 was 192.0 (192.25) cents a kg and for SMR 20 was 161.5 (161.0).

GRAINS

March 108.00-7.75, May 111.20-1.15. Sales: 95 lots of 100 tonnes. Barley: Sept 96.60-6.20, Nov 100.40-99.95, Jan untraded, March 107.00 only, May untraded. Sales: 50 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no. 1 13 per cent Aug/Sept 124.60, Oct 127, Nov 130.25 sellers transhipment east coast. U.S. no. 2 soft red winter Aug 111.3, Sept [illegible]

[illegible]

AMERICAN MARKETS

PRECIOUS METALS firmed in sympathy with currencies and on U.S. banking concerns but remained restrained in response to the weak outlook for oil prices, reports Heinold Commodities. Copper came under pressure on fears of a stock increase in London along with the poor tone to the U.S. economy. Aluminium traded modestly higher on fears of further production cutbacks. Sugar weakened reflecting the lack of physical enquiry and favourable crop prospects. A decline in U.S. grindings along with a strong push by consuming countries to change the International Cocoa Agreement weakened cocoa values. Coffee went limit-down on the lack of a crop damaging freeze in Brazil. Cotton firmed reflecting good trade buying as values continued to trade below the loan rate. Heating oil declined sharply amid strong rumours that Mexico will have to cut crude oil prices further to be in line with the spot market and that Saudi Arabia would also reduce its price. Soyabeans and grains reacted to the weather and rose on private forecasts of an impending shift to drier conditions in the main producing areas.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
July	44.90	—	—	44.45
Aug	45.10	—	—	44.65
Sept	45.40	45.40	44.95	44.95
Dec	46.35	46.25	46.05	45.90
Jan	46.65	—	—	46.20
March	47.30	—	—	46.65
May	48.00	—	—	47.55
July	48.70	—	—	48.25
Sept	49.40	—	—	48.83
Jan	50.90	—	—	50.35

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	2033	2033	2025	2099
Sept	2081	2143	2075	2147
Dec	2102	2166	2097	2153
March	2110	2161	2112	2164
May	2128	—	—	2171
July	2138	—	—	2181
Sept	2149	—	—	2182
Dec	2163	—	—	2202

COFFEE "C" 37,000 lbs, cents/lb

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	139.70	139.25	138.25	138.00
Sept	136.10	136.20	134.85	135.35
Nov	133.40	136.40	132.50	132.60
Jan	131.45	131.30	130.75	130.75
March	131.40	131.40	130.50	130.75
May	131.40	—	—	130.75
July	131.40	—	—	130.75
Sept	131.40	—	—	130.75
Nov	131.60	—	—	130.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	268.7	268.5	265.0	264.2
Oct	268.7	269.3	264.5	264.2
Jan	273.6	273.0	269.0	263.1
April	278.5	278.5	275.4	274.0
July	263.8	—	—	279.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	609.5	610.0	603.0	600.0
Aug	611.8	606.0	606.0	602.3
Sept	618.0	617.3	608.3	606.5
Dec	628.1	629.0	620.0	616.4
Jan	632.4	629.0	620.0	622.6
March	640.7	640.3	635.0	630.8
May	649.4	649.0	646.4	649.4
July	658.9	658.0	656.0	648.8

[illegible]

LONDON STOCK EXCHANGE

Absence of base rate cuts unsettles equities

Index just above 1985 low-point

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 1	July 11	July 12	July 22
July 15	July 25	July 26	Aug 5
July 29	Aug 8	Aug 9	Aug 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity traders waited in vain yesterday for the clearing banks to heed the authorities' clear signal for lower interest rates. After Citibank's reduction on Thursday of ½ a percentage point to 12 per cent in its UK base lending rate, the main clearers were expected to take similar action. Not one of the big four banks announced cuts, however, despite further easiness in the key three-months inter-bank rate, which settled at 12 per cent.

The upshot was a subdued equity trading session with values drifting lower on currency considerations. Sterling resumed a strong tone as the dollar weakened on disappointing U.S. retail sales, which emphasised the uncertainties surrounding the American economy. International stocks and other overseas earners, along with a host of blue chip issues lost ground progressively in a thin business until 3.30 pm, when the current trading Account closed.

Small demand for the Account starting on Monday brought a tentative recovery in the after-hours' dealings, but the undertone of the equity market remained unsettled. The FT Ordinary share index fell to 922.2 before rallying to close a net 8.4 lower and down 29.7 on the week at 926.0. The Chancellor's view that sizeable direct taxation cuts were still possible next year made no impression on either traders or investors in the prevailing unsettled conditions.

Government securities stretched their good run to a tenth session. The rising pound and the prospect of cheaper money were both stimulants, leading to renewed domestic and overseas demand. During the morning trade, the authorities were bid for stock and supplied the tap. Treasury 10 per cent 2004, a 97½ before withdrawing; the stock was quoted fully-paid yesterday in advance of Monday's call.

Clearers lower

Activity was more pronounced than recently owing to some sizeable switching operations and selected longer-dated stocks closed ⅜ or so up on the day. The shorts settled a touch off the best with gains extending to ⅛, but index-linked issues gave ground following the latest, and unchanged, RPI figure. News of the Government's public expenditure target of £139bn for 1986-87 was as expected and made little impact.

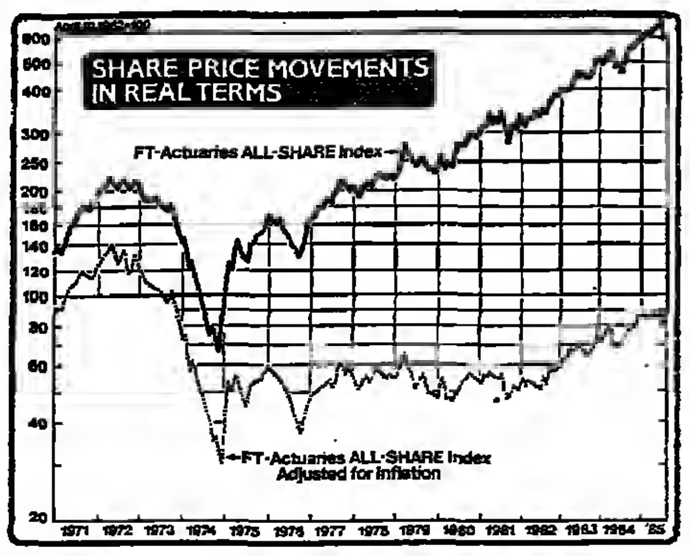
Strongly supported of late in response to brokers' circulars forecasting bumper interim profits when the dividend season starts later this month, clearing banks succumbed to end-Account profit-taking. Quotations rallied after-hours on demand for the new Account, but Natwest still sustained a fall of 13 at 692p, after 688p; the group's first-half results are scheduled for July 30. Lloyds gave up 5 at 412p, after 405p, while Midland, at 392p, lost 3 of Thursday's 10 gain which followed confirmation of the bank's re-acquisition of 40 per cent of Samuel Montagu from Aetna Life and Casualty for 97.8m. Barclays and Standard Chartered were additionally aggravated by news of the U.S. Senate vote to impose an immediate ban on bank loans to South Africa: Barclays dropped 8 to 400p, after 390p, while Standard closed 10 down at 488p, after 480p. Elsewhere, Hong Kong and Shanghai were a penny easier at 71p following news that the bank is raising £289m through a perpetual floating rate note issue.

Insurances were dragged lower in the general setback, but managed to close well above the day's worst levels. Among Life issues, Legal and General fell 18 to 665p, after 660p, while Prudential dipped 13 to 640p, after 635p. Falls in Composites ranged to 10, General Accident being that much down at 615p.

Isotron were unaffected by the surrounding malaise and, after Thursday's quiet debut, attracted support. The shares closed 15 up at 150p compared with the issue-by tender striking price of 123p.

The chairman's disclosure of new nominee holdings in the company stimulated further buying of Allied-Lyons, up 5 at a new 1985 peak of 225p. Guinness hardened 4 to 220p following the retort to Arthur Bell's defence document; the latter eased a couple of pence to 230p. Regional breweries continued to feature Llanelli-based Buckleys, 7 higher for a gain on the week of 11 to 76p; Belhoven, the Dunbar concern headed by Mr Nazmu Virani now controls just over 7.2 per cent of Buckleys.

Buildings were one of the few sectors to perform well and many issues extended the gains recorded earlier in the week on the call for the Government to embark on a major public works programme. Taylor Woodrow were an outstanding performer, advancing 12 more yesterday to 445p—a week's gain of 28—while Costain Group improved a further 8 to 410p and John Laing 7 to 222p. Good results from the company's South African subsidiary helped McAlpine round off a good week with a rise of 2 to 284p, while the recent annual



figures sustained Magnet and Southerns, which added a like amount at 130p.

Selling pressure induced by the recent strong performance of sterling against the U.S. dollar continued to depress ICI, which dipped to a 1985 low of 697p prior to closing a net 13 off at 699p; the company's interim results are scheduled for July 25.

Freemans buoyant

Mail-orders returned to favour under the lead of Freemans which advanced sharply to a new 1985 peak of 260p before settling 10 dearer on balance at 252p. Grattan hardened 4 to 252p, after 256p. Elsewhere in Stores, Dixons encountered sporadic support ahead of next Wednesday's preliminary results and finished 11 higher at 700p, but Dunhill, already unsettled by Thursday's poor figures from Rothmans, dipped 7 to 310p following the proposed acquisition of Dunhill Tailored Clothes for a cash consideration of around £2.4m. Quietly dull throughout the session, the leaders reversed early losses in a modest after-hours' trade. Debenhams, still anticipating an increased offer from Burton, put on a couple of pence to 387p.

Another fairly depressing Account for the major Electricals ended quietly. Plessey hardened a couple of pence more to 134p on further consideration of the chairman's encouraging address at the annual meeting. BT, at 171p, and BICC, at 201p, added a penny apiece, but reports of a broker's bearish circular being in the offing left STC 2 down at 102p. Racal also softened 2 to 134p as did Thorn EMI, to 319p. Elsewhere, Pericom continued to reflect the interim deficit and gave up 5 further for a decline of 22 on the week to 58p. UEI were a firm exception at 170p, up 6.

The Engineering leaders traded quietly and the closing trend was mixed. GKN gave up 4 at 220p and Hawker eased 2 to 385p, but Vickers hardened a couple of pence to 275p. Elsewhere, Mitchell Somers responded to the bullish tenor of the chairman's annual statement with a rise of 4 to 62p.

With the notable exception of Dee, finally 5 dearer at 238p, after 225p, leading Foods failed to rally from initial dullness. Associated Dairies shed 4 to 134p, while Tesco gave up 5 at 240p. The absence of bid developments clipped 10 from Rowntree Mackintosh, at 365p, while smaller losses were sustained by Cadbury Schweppes, 150p, Northern, 236p, and Tate and Lyle, 451p.

Hotels featured renewed weakness in Grand Metropolitan, 8 lower at 283p. Trusthouse Forte also lacked followers and eased 3 more to a 1985 low of 121p, but Ladbroke met with scattered support and rose 8 to 266p.

Johnson Matthey up

Johnson Matthey highlighted secondary miscellaneous industrials, rising 12 to 95p on much-better-than-expected annual profits; Charter Consolidated, the owner of a near 28 per cent stake in JM, hardened a few pence to 180p in sympathy. Buying ahead of next Friday's preliminary statement helped Parkfield advance 10 to 102p, while revived speculative support lifted Brammer 7 to 295p and Hollis 5 to 74p. Halma added 10 at 255p and Powell Duffryn 11 at 283p, while Bestwod jumped 30 in a restricted market to 250p. A firm market of late, TSL Thermal Syndicate dropped 30 to 235p, after 230p, on the cautious statement which accompanied the interim results. Christies International, still reflecting the weak dollar and fears of a U.S. inquiry into its painting sale operations, fell 15 more for a decline of 40 on the week to 215p. Pentland again performed in erratic fashion, falling to 680p at one stage before rallying late to close only 10 cheaper on balance at 745p. Granada lost 6 to 148p following comment on the reduced earnings, while profit-taking caused Associated British Ports, at 290p, to lose 5 of Thursday's rise of 30 which greeted details of the joint property development venture with Rosehaugh, a further ¼ better at £10½. Rank Organisation rose 13 more for a two-day jump of 33 to 353p on impressive first-half figures, but other leading issues drifted lower. Major exporters were particularly dull owing to the weaker dollar. Beecham fell 8 to 303p and Reckitt and Colman eased the same amount to 505p. BTR came back 6 to 330p.

Comment on the interim results lifted First Leisure 10 to 292p. Julianas also found occasional support and advanced 7 to 183p, but Riley Leisure gave up a couple of pence to 38p, after 37p.

Currency influences continued to unsettle Jaguar which lost 7 more for a decline of 22 on the week to 248p. Components remained mixed. Lucas were again friendless and fell another 10 to 288p—a fall of 27 over the five-day period—but revived speculative demand lifted Jonas Woodhead 5 to 34p. Dowty, interim figures scheduled for July 24, rallied a couple of pence to 174p.

Among otherwise idle Publishers, Fleet attracted revived speculative demand and touched 305p before settling a net 4 up at 303p. Paper/Printings provided an outstanding feature in Richard Clay which spurted 45 to 144p on the unwelcome share-exchange bid from McCorquodale, 5 lower at 150p. Bemrose attracted "call" option business and firmed 5 to 145p.

Tobaccos remained under the influence of disappointing company trading statements. Imps gave up another 6 at 164p, after 162p, also reflecting disappointment over the absence of news regarding the future of the Howard Johnson chain. Rothmans, fell 4 to a record a two-day drop of 20 to 130p.

Murray Growth Trust were marked 8 higher to 104p and the B shares a similar amount to 101p following the bid approach from the Merchant Navy Officer's Pension Fund. Aberdeen Trust hardened 3 to 183p as details of the proposed unitisation were posted to shareholders.

Britoil weak

The oil sector ended an eventful week on a slightly sour note. A quietly firm opening by the leaders gave way to a flurry of selling following the interim results from Britoil which were some £8m below most market forecasts and considerably below the most optimistic estimate which ranged up to £115m. Quoted at 215p ahead of the figures Britoil subsequently retreated to close a net 8 off at 207p. BP moved between 526p and 520p prior to settling a net 3 easier at 523p, while Shell were finally a few pence off at 675p and Enterprise Oil 2 down at a year's low of 157p. The 6p a gallon petrol price cut announced by BP after-hours had little effect on market sentiment. IC Gas, a strong market on Thursday following the sale for £78m of its Campair subsidiary to Siebe Gorman, eased 5 to 315p, while Burmah attracted profit-taking and gave up 3 at 255p. Charterhouse Petroleum eased to a 1985 low of 80p on further consideration of the £188m merger with Saxon Oil. Elsewhere, Falcon Resources touched 70p following the report which updated the company's reserves but later eased to close 3 off on balance at 65p.

Golds lose ground

Mining markets ended a generally poor week on a depressed note. South African Golds came under renewed pressure awaiting the outcome of the strike ballot being taken by black mineworkers; results of the ballot are expected some time on Monday. The Gold Mines index fell back 9.0 to 392.4—a week's decline of 18.4 to its lowest level since November 19 1982.

Dollar quotations for Golds were only a shade easier on balance but sterling prices continued to retreat following the further appreciation in the pound against the U.S. currency.

Bullion moved narrowly prior to closing a net $1.5 firmer at $316.25—a rise of $4.5 over the week.

Leading heavyweights fell by up to £1¼, as in Vaal Reefs, £62¾, while Randfontein dipped just over a point to £73¾ and Kloof ¾ to £29. Weak spots in the cheaper-priced issues included Grootvlei, 17 off at a years low of 523p, Blyvoor, 15 down at 460p, and Venterspost, which retreated 37 to 613p.

Financials moved similarly to Golds. In South Africans, "Amgold" gave up a point at £62½, as did Transvaal Consolidated Land, at £31½. The London-based stocks showed Consolidated Gold Fields 7 lower at 498p and RTZ 8 off at 547p, after a year's low of 545p.

The two major Platinum producers both fell to 1985 lows; Impala lost 7 at 695p and Rustenburg up 5 at 578p.

Australians mirrored the lacklustre showing of overnight domestic markets, which were overshadowed by the G. J. Coles bid for Myer. The leaders weakened afresh with CRA 6 off at a year's low of 292p and Western Mining 4 down at 194p.

Volume in Traded Options declined slightly with 7,854 contracts done, a large part of which was attributable to another lively business in sterling/dollar options. Elsewhere, Imperial Group were again active on consideration of the interim figures and recorded 376 calls and 821 puts. British Telecom attracted 622 calls, 360 in the August 160's and 364 puts.

FINANCIAL TIMES STOCK INDICES

	July 12	July 11	July 10	July 9	July 8	July 5	year ago
Government Secs.	82.80	82.75	82.08	82.53	82.49	82.28	76.74
Fixed Interest	87.58	87.49	87.48	87.33	87.17	86.95	81.00
Ordinary ♥	926.0	934.4	936.1	932.0	951.2	955.7	770.7
Gold Mines	392.4	401.4	398.5	405.2	415.5	410.8	549.2
Ord. Div. Yield	5.01	4.98	5.01	4.95	4.87	4.84	5.15
Earnings, Yld.% (full)	12.48	12.36	12.49	12.35	12.15	12.14	11.00
P/E Ratio (net) (*)	9.79	9.68	9.78	9.89	10.07	10.06	10.05
Total bargains (Est.)	21,819	20,658	19,170	20,452	20,870	18,014	21,584
Equity turnover £m.	—	400.57	298.2	544.29	267.15	371.00	285.85
Equity bargains	—	18,617	15,559	18,206	17,781	16,378	17,695
Shares traded (mln)		192.8	145.5	178.2	134.8	183.7	167.9

♥ 10 am 934.1. 11 am 930.7. Noon 927.6. 1 pm 926.2. 2 pm 924.0. 3 pm 922.6. 4 pm 922.3.

Day's high [illegible]. Day's Low 922.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* = 9.46.

HIGHS AND LOWS

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.89 ([illegible])	78.03 ([illegible])	127.4 ([illegible])	48.18 ([illegible])
Fixed Int.	87.58 ([illegible])	82.17 ([illegible])	150.4 (28/11/47)	50.53 ([illegible])
Ordinary	1004.5 (22/1)	923.1 (10/7)	1004.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	556.0 ([illegible])	392.4 (12/7)	734.7 ([illegible])	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	July 11	July 10
Daily		
Gilt Edged Bargains	166.3	142.5
Equities Bargains	120.8	99.5
Equities Value	809.2	602.7
5 day Average		
Gilt Edged Bargains	148.1	157.6
Equities Bargains	111.9	107.1
Equities Value	670.5	648.1

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Stocks favoured for the call included "The Times" Veneer, STC, Abbey Life, Charterhall, Monument Oil and Gas, A. G. Stanley, Bentalls, A. Goldberg, New London Oil, Sovereign Oil and Gas, Bemrose, Birmid Qualcast, Bristol Channel Ship Repairers, Promotions House, Energy Capital, Stewart Plastics, Barratt Developments, Bryson, Park Place Investments, Mercantile House, BSG International, Falcon Resources, Sheffield Brick, Vosper, Berkeley and Hay Hill, Combined Technologies and Southwest Resources. No puts were reported, but a double option was transacted in ICC Oil and Gas.

General Electric reports flat second-quarter result

GENERAL ELECTRIC, the big U.S. industrial group, has reported a 2 per cent increase in second quarter net income from $579m to $590m and indicated that the U.S. manufacturing sector continues to be buffeted from all directions.

Revenues rose 3 per cent from $6.66bn to $6.84bn and compared with $1.28 a year ago, earnings per share of $1.30. The sluggish second quarter performance compares with a 5 per cent growth in first quarter net income and a 12 per cent increase in calendar 1984 when the group earned [illegible]

Six-month earnings were $1.1bn ($2.42 a share), compared with $1.06bn ($2.35 a share) last time. Revenues were $13.04bn, against $13.24bn.

Mr John Welch, chairman, said: 'Although the government's 'flash' report for the second quarter showed a significant increase in GNP, we saw little evidence of this growth outside of defence and some automotive-related markets.' He noted that U.S. factory employment has already declined by 220,000 jobs in 1985 and indications are that manufacturing unemployment will [illegible]

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
[illegible]							

[illegible]

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (54)

BRITISH FUNDS (51) · INTL BANK AND O'SEAS GOVT STLG ISSUES (4) · [illegible] · CORPORATION LOANS (1) · [illegible] · BANKS (2) · Bank Leumi (UK) · Schroders · BREWERS (2) · Allied-Lyons · [illegible] Brewery · STORES (1) · Freemans · ELECTRICAL (1) · Jones Stroud · ENGINEERING (2) · BM Group · [illegible] Watson · INDUSTRIALS (3) · Bestwood · [illegible] · Johnson Matthey · LEISURE (1) · First Leisure · PAPER (1) · Clay (Richard) · TRUSTS (5) · [illegible]

NEW LOWS (133)

BRITISH FUNDS (1) · AMERICANS (18) · CANADIANS (4) · BUILDINGS (1) · CHEMICALS (3) · STORES (3) · ELECTRICALS (8) · ENGINEERING (5) · FOODS (3) · HOTELS (3) · INDUSTRIALS (16) · INSURANCE (2) · MOTORS (2) · PAPER (4) · PROPERTY (1) · TEXTILES (1) · TOBACCOS (3) · TRUSTS (14) · OILS (11) · OVERSEAS TRADERS (2) · PLANTATIONS (2) · MINES (24)

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	87	12	9	385	47	108
Corpns. Dom. and Foreign Bonds	32	3	43	119	11	260
Industrials	215	334	920	1,078	1,938	4,322
Financial and Prop.	53	122	379	357	702	1,711
Oils	18	40	69	82	210	338
Plantations	0	3	15	2	29	59
Mines	13	75	90	188	270	460
Others	46	110	90	272	495	433
Totals	462	699	1,615	2,455	3,705	7,691

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Celtic Haven	74½	+ 1½	Pentland Inds	745	−10
Falcon Resources	65	− 3	Prudential	640	−13
Freemans	252	+10	Rank Org	353	+13
Imperial Group	164	− 6	Ralage	330	− 8
Johnson Matthey	95	+12	TSL Thermal	235	−30
NatWest Bank	692	−13	Taylor Woodrow	445	+12

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Plessey	23	132	+14	Burmah Oil	16	258	+ 4
Debenhams	21	385	+ 3	Rank Org	16	340	+20
Imperial Grp	20	170	− 9	BTR	15	336	+10
Thorn EMI	19	321	+14	Granada	15	154	−14
A. & Polls	19	295	+30	ICI	15	712	− 7
Racal Elects	17	136	+ 0	Parkfield	14	92	+ 7
Allied Lyons	16	220	+ 8	Pentland Inds	14	755	−20

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
ICI	152	712	−37	Racal Elects	83	136	+ 8
Thorn EMI	116	321	−23	BAT Inds	82	303	−22
Pentland Inds	109	755	−115	BTR	82	336	−14
Barclays	96	408	+ 8	Midland Bank	79	395	+ 7
Plessey	84	132	+ 8	STC	79	104	− 6
Logica	[illegible]	136	−27	Glaxo	76	£12⅞	[illegible]

S.E. DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVERNMENT

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—K

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ● Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

L—M

LRC Intnl 8pcLn 1990-98 £74½ (10/7)
Ladbroke Gp Wts (Sers. 8) 2050. 8pc Ln 1990-92 £83½ (10/7)
Laing (John) A non-vtg 214 5
Laporte Inds (Hldgs) 7½pcPf (£1) 86 8 (5/7). 5½pc2ndPf (£1) 48
Lees (John J.) (10p) 114 (10/7)
Lewis (John) 5pc1stPf (£1) 41 (9/7). 7pcPf (£1) 59 (9/7)
Lewis (John) Partnership 5pcPf (£1) 43 (10/7). 7½pcPf (£1) 81½ 0
Lex Service 6½pcPf (£1) 54. 8½pcLn 1992-97 £79 (5/7)
Ley's Foundries Engnrg 6pcPf (£1) 42½

N—O—P

Q—R—S

T—U—V

Stead and Simpson 4½pcDb £32 7 (10/7). 4½pcDb 1932 £37 (10/7)
Steel Brothers Hldgs 9pcLn 1990-90 £79
Steetley 6¼pcDb 1985-90 £80
Sterling Industries 8½pc1stPf (£1) 40
Stoddard (Hldgs) 4pcPf (£1) 35. 10pc Pf (£1) 113 (9/7)
Stone Intnl (20p) 142
Stonehill Hldgs 10½pcPf (£1) 98
Stormgard (10p) 20 2½
Suter 9¼pcLn 1995-2000 £286 (8/7)
Swan (John) and Sons 140 (5/7)
Swire (John) and Sons 8.3pcPf (£1) 70½

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

Lake View Inv Tst 6pcDb 1985-90 £79½
Law Debenture Corp 4½pcDb £34 (9/7)
London Tst wts to sub 08 7
Martin Currie Pacific Tst wts to sub 25
Murray Growth Tst 4½pcDF (£1) 41 (9/7)
Murray Inc Tst 5pcPf (£1) 40½ (8/7). 0pcDb 1903-88 £87
Murray International 7st 4½pcPf (£1) 38¼ (5/7). 5½pcDb 1881-80 £94½ (9/7)
New Court 7st 7¼pcDb 1986-91 £82½
New Darien Oil Trust Wrnts to sub 7 (9/7)
New Tokyo Inv Tst Wrnts to sub 88 100

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 24 5
Do. (1p) 24 ½ (10/7)
All England Lawn Tennis Grnd £500Dbs 1986-90 (£2,614 Pd) £7,000
Allied Entertains (£1) 95 8
Amal Metal Coron 0pcPf 40 5 (9/7)
Amphoterics (10) 120 (5/7)
Anglo-Am Agric 42 (10/7)
Ann St Brewery (£1) 450 60
Burad Intnl (10p) 24½ 5 (10/7)
Cannon St Invs (20p) 37 8 40 (10/7)
Do. 7.7pcPf 1904-08 154 6 (10/7)
Carraun (10p) 5 11
Channel Hotels Props (10p) 95 6 (9/7)
Costain (Richard) Props 0pcDb 2002
Crusts (10p) 158 6 (8/7)
£04 53-84 5 (10/7)
Dart Valley Light Rlwy (£1) 05 (9/7)
Doblemore (10p) 30 (9/7)
East of Scotland Ind Invs (£1) (£60 Pd) 24½ 5 (9/7)
Expleera (5p) 1½ (9/7)
Guernsey Gas Light (£1) 280 (10/7)
Gulton (W. E.) (£1) 550 (8/7)

Red Rose Radio (10p) 40 (10/7)
Do. A NV (10p) 30 (10/7)
Do. Var Rate Ln 1992 (£1) 130 (10/7)
Sth Quay Lnvs (£1) 120 (8/7)
Southern Newspapers (£1) 170 5
Sutton Harbour Improvement 400 (9/7)
Taddale Invs (10p) 6½ 7
UTC Trading (5p) 20
Walsh Inds Inv 7st (5p) 25 4
Winchmore 40½ 1 (5/7)
Wislech (1p) 10 ½ (10/7)
Wolverhampton Racecourse 125 5 (5/7)
Wynstay Props 125 (8/7)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 136
Acorn Secs 18● 20 (10/7)
Adelaide Steamship 436 (8/7)
Advanced Micro Devices US$25●
AEG-Telefunken £31½● (10/7)
Allflex Hldgs 115 (10/7)
American Home Prods £45 ½ (9/7)
Ames Department Stores £34½ (8/7)
Ampol 93
Ampol Exploration 122 (8/7)
Amsterdam-Rotterdam Bk Fl 85●
Apex Oil (A$0.25) 10
APM Ord 145● (10/7)
Ariadne Australia 25● (10/7)
Atlantic Richfield £42½ (10/7)
Aust Oil Gas 57
Avnet £22½●
Bank of East Asia 225●
Bank Res Int (Bahamas) 135 (10/7)
Bayerische Motoren Werke DM 437
Bayerische Vereinsbank DM 403●
Beach Pet 45½ (10/7)
Beverly Enterprises £28¼ (8/7)

Smith (Howard) 250 (9/7)
Southwest Gold Mines 1½● (8/7)
Standard Oil Ohio £33½ (8/7)
Sterling Drug £24¼ (8/7)
Stirling Pet 4
Sun Hung Kai Props 119●
Tandem Res 183●
Tandy £22¼
Target Pet 15
Target Pet A$0.151 ½● (9/7)
Telerate £13½● ¾ (9/7)
Terex Res 25½● 5½ 6½ ¾ 7 7½ ½
Texas Instruments £73½● (9/7)
Texas Oil Gas £12¼ 11 11.08 12.00 (8/7)
Third Canadian Gen Inv Tst £22½● (5/7)
Thyssen £27½●
Tri-Continental £10¼ (8/7)
Unilever (Fl 20) £7½● 8¼ ½ 7½.82
Union Pacific Corp £30 (9/7)
United O'seas Bk 112 (10/7)
Upjohn £87½ (9/7)
Volkswagenwerk £75½●
Wal-Mart Stores £37¼ (10/7)
Wang Labs ● £12¼ (10/7)
Westgrowth Pet 40 (9/7)
Westinghouse Elec £24½● (10/7)
Williams £20½ (9/7)
Woolfre A £60 (5/7)
Woolworths (A$0.50) 180 (10/7)
Zeus 13½

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Nil

(By permission of the Stock Exchange Council)

BANK RETURN

BANKING DEPARTMENT	Wednesday July 10 1985	Increase (+) or decrease (—) for week	
LIABILITIES	£		£
Capital	14,585,000		—
Public Deposits	4,930,478,280	—	271,562,077
Bankers Deposits	891,540,060	+	74,778,858
Reserve and other Accounts	1,458,704,871	—	08 248,792
	7,295,27),9))	—	254,829,0)3
ASSETS			
Government Securities	498,615,878	—	92,178,)05
Advance & other Accounts	060,004,351	—	171,560,855
Premises Equipment & other Secs.	8,897,851,100	+	19,855 859
Notes	8,89),093	—	5,919,584
Coin	989,389	—	8,502
	7,295,271,9)1	—	954,899,0)3

ISSUE DEPARTMENT

LIABILITIES	£		£
Notes in circulation	12,261,)78,907	+	25,912,884
Notes in Banking Department	8,821 098	—	3,9)2,884
	12,270,000,000	+	20,000,000
ASSETS			
Government Dept	11,016,100		—
Other Government Securities	2,719,800,410	+	85,872,599
Other Securities	9,839,184,490	—	33,872,599
	12,270,000,000	+	20,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

OVERSEAS NEWS

SINKING OF RAINBOW WARRIOR

New Zealand's first taste of terrorism

BY DAI HAYWARD IN WELLINGTON

THE ARRIVAL of international terrorism bringing bombing and murder in its wake to New Zealand, has shakeo a couotry which until now had escaped this modern scourge.

The bombing and sinking of the international Greenpeace movement's flagship, Rainbow Warrior, at its bertb in Auckland harbour, killing a Greenpeace pbotographer-crew member in the early hours of Thursday morning united political parties and the public in shock.

Rainbow Warrior was due to lead a flotilla of protest yachts to the French nuclear testing site at Mururoa Atall next month.

Although the French Embassy io Wellington was quick to deny any involvement in tha bombing, the public aod authorities are convinced it was designed to stop the anti-nuclear protest.

It may even have been intended to do more tban that: to strike a crippling blow to the whole Greenpeace anti-nuclear movement. Leading world Greeopeace officials, meeting in Auckland this week, were scheduled to sleep on board Raiobow Warrior on Thursday. Others were due to visit the 417-ton vessel at its berth.

The nature of the bombing, carried out by limpet mines of a type unavailable in New Zealand attached to the side of the vessel by a diver and fitted with a sophisticated timing device, point directly to a level of terrorist sophistication beyond the ability of any local lunatic fringe.

Tbere were 14 crew on board the 40-metre vessel when the two explosions separated by about a minute ripped through the vessel. All except the dead man — Portuguese photographer / engineer Sr Fernando Pereira — escaped to the dockside. The vessel sank in four minutes.

Police and bomb experts now say two big holes were torn in the ship's side by the explosive device believed to be similar to those used in the assassination of Lord Louis Mountbatten.

Prima Minister David Lange spoke for the whole country when he condemned those responsible and ordered every support and facility to the police and New Zealand's anti-terrorist squad. It was, said Mr Lange, a major criminal act. He also agreed to consider the possibility of the Government providing a replaeement vessel, possibly a Navy frigate, to replace Rainbow Warrior on the proposed anti-nuclear protest voyage.

It is, bowever, unlikely the Government will send a Navy ship.

This would introduce a high level of military and official governmeot involvement in the Mururoa anti-nuclear protest which until now has remained very much on a pacifist level. The Lange Government — still feeling the repercussions of its banning in January of American nuclear warships from New Zealand ports, does not want to further aggravate international opposition to its anti-nuclear stance.

Police and anti-terrorist investigators believe the attack was planned overseas. Rainbow Warrior only arrived in Auckland harbour last Sunday—hardly time for a local group to obtain the mines and organise the attack.

Interpol has been asked to help, *particularly in locating* a Frenchman who is now known to have been on board Rainhow Warrior late on Wednesday nigbt. By Thursday when the police tried to interview him he bad already left the country.

A French-registered container vessel which was in port in Auckland is also a target of police investigation. The ship had already sailed for Lyttleton In the South Island but police were waiting to question all the crew.

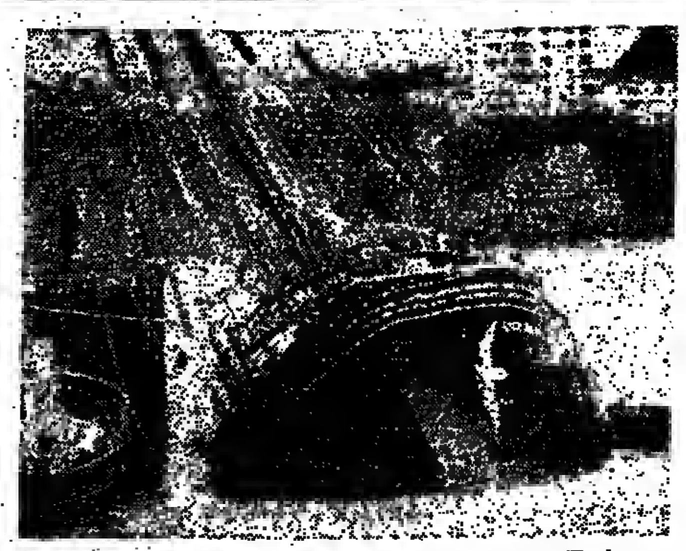
For the past few months Rainbow Warrior has been visiting various Pacific ports to promote and encourage the anti-nuclear movement. *It has* been particularly active seeking support for a higher level of protests against the French Pacific nuclear tests. It has also visited Australia and the U.S.

However, Greenpeace's showpiece was to have been Rainbow Warrior's protest voyage to Mururoa where crew members and organisers expected to incur the wrath of the French

There is considerable doubt as to whether the protest voyage con now go ahead. The other yacbts in the planned flotilla are all much smaller than Rainbow Warrior.

Another Greenpeace vessel, the Grandwana is due in New Zealand in November on route to Antarctic. The purpose is to draw world attention to the danger of polluting this region and the need to *maintain the* nuclear-free agreement for Antarctica.

It would seem, however, thet it was the Greenpeace opposition to nuclear activity and Pacific testing which has attracted the attention of extremists and brought New Zealand its first taste of international terrorism.

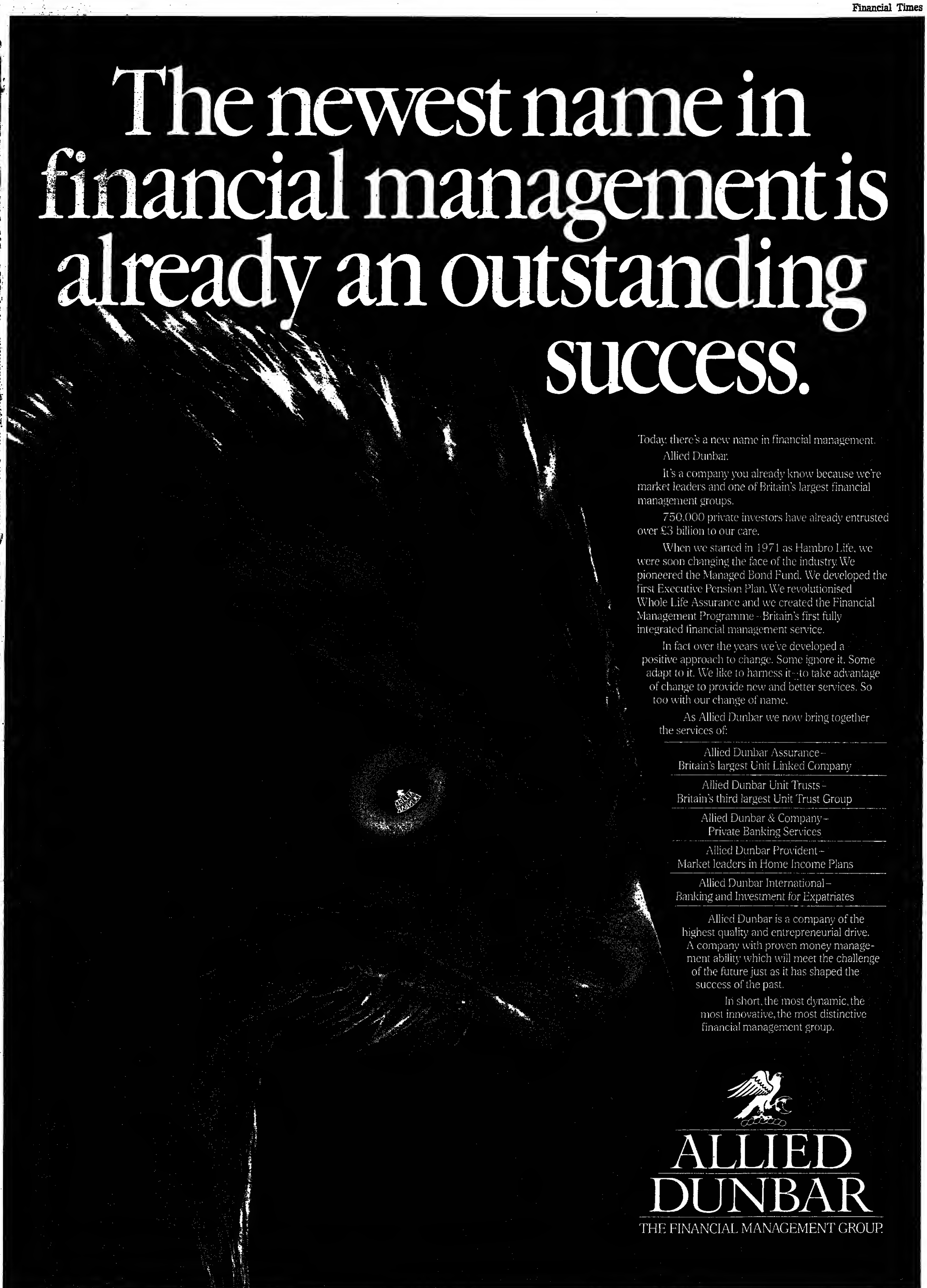

Rainbow Warrior rests on the bottom of Auckland Harbour.

BASE LENDING RATES

A.B.N. Bank	12½%	C. Hoare & Co.	12½%
Allied Dunbar & Co	12½%	Hongkong & Shangbai	12½%
Allied Irish Bank	12½%	Jobnsoo Matthey Bkrs.	12½%
American Express Bk.	12½%	Knowsley & Co. Ltd.	13 %
Henry Ansbacher	12½%	Lloyds Baok	12½%
Amro Bank	12½%	Edward Manson & Co.	13½%
Associates Cap. Corp.	13 %	Meghraj & Sons Ltd.	12½%
Banco de Bilbao	12½%	Midland Bank	12½%
Bank Hapoalim	12½%	■ Morgan Grenfell	12½%
BCCI	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of Ireland	12½%	National Bk. of Kuwait	12½%
Bank of Cyprus	12½%	National Girobank	12½%
Bank of India	12½%	National Westminster	12½%
Bank of Scotland	12½%	Northero Bank Ltd.	12½%
Banque Belge Ltd.	12½%	Norwich Gen. Trust	12½%
Barclays Bank	12½%	People's Trust	13½%
Beneficial Trust Ltd.	13½%	PK Finans Intl. (UK)	13 %
Brit Bank of Mid. East	12½%	Provincial Trust Ltd.	13½%
■ Brown Shipley	12½%	R. Raphael & Sons	12½%
CL Bank Nederland	12½%	Roxburghe Guarantee	13 %
Canada Permanent	12½%	Royal Bank of Scotland	12½%
Cayzer Ltd.	12½%	Royal Trust Co. Canada	12½%
Cedar Holdings	13 %	■ J. Henry Schroder Wagg	12½%
■ Charterhouse Japhet	12½%	Standard Chartered	‖12½%
Choulartons**		TCB	12½%
Citibank NA	12 %	Trustee Savings Bank	12½%
Citibank Savings	¶12½%	United Bank of Kuwait	12½%
City Merchants Bank	12½%	United Mizrahi Bank	12½%
Clydesdale Bank	12½%	Westpac Banking Corp.	12½%
C. E. Coates & Co. Ltd.	13 %	Whiteaway Laidlaw	13 %
Comm. Bk. N. East	13 %	Williams & Glyn's	12½%
Consolidated Credits	12½%	Yorkshire Bank	12½%
Co-operative Bank	*12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		
■ Hill Samuel	§12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%. 1 month 10½%. Top Tier—£2,500+ at 3 monthly notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10½%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9½%.

هكذا من الأصل



AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-59, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV 01-628 6011

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

Ridgefield Management Ltd.
20 Fountain St, Manchester M2 2AF. 061-236 5685

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. 01-606 1066

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS. 051-227 4422

Royal London Unit Tst Mgrs Ltd
Royal London Hse, Colchester, CO1 1RA 0206 576115

Royal Trust Can. Fd. Mgt. Ltd.
48-50, Cannon St, London EC4N 6LD. 01-236 6044

SKG Management Limited
20 Copthall Ave, EC2R 7JS. 01-600 7595

Save & Prosper Group
28, Western Rd, Romford, RM1 3LB.

Schroder Unit Trust Managers Ltd.
Enterprise House, Portsmouth. 0705 827733

Scottish Equitable Fund Mgrs. Ltd.
31 St Andrews Sq, Edinburgh 031-556 9101

Scottish Life Investments
19 St Andrew Sq, Edinburgh 031-225 2211

Scottish Mutual Investment Managers Ltd.
109 St. Vincent St, Glasgow G2 5HN. 041-248 6100

Scottish Provident Inv. Mgt. Ltd.
6 St Andrew Sq, Edinburgh 031-556 9181

Scottish Unit Managers
29 Charlotte Sq, Edinburgh. 031-226 4372

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU. 031-655 6000

Standard Life Trust Mgmt. Ltd.
3, George St., Edinburgh, EH2 2XZ. 031 225 2552

Stewart Ivory Unit Trust Mgrs Ltd.(a)
45, Charlotte Sq, Edinburgh. 031-226 3271

Sun Alliance Fund Management Ltd.
Sun Alliance Hse, Horsham. 0403 56293

Sun Life Trust Mngmt. Ltd.
107 Cheapside, EC2V 6DU. 01-606 4044

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. 0732 450161

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants. SP10 1PG

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks. (0296) 5941

Temple Bar Unit Trust Mgrs Ltd
Electra House, Temple Pl, Vic Emb, WC2 836 7766

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

Transatlantic and Gen. Secs. Co. (y)
91-99 New London Rd., Chelmsford. 0245-51651

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 732241

Unit Trust Account & Mgmt. Ltd.
Regal Hse, King William St, EC4R 9AR. 01-623 4951

Vanguard Trust Managers Ltd.
Bath Hse, London, EC1A 2EU. 01-236 5080

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (x)
13 Charlotte Sq, Edinburgh. 031-225 1551

Westaven Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers
2 Honey Lane, EC2V 8BT. 01-606 9085

Wright Seligman Fund Managers Ltd.
11, Blomfield St., London, EC2M 7AY. 01-588 0592

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.
80, Holdenhurst Road, Bournemouth. 0202 292373

Aetna Life Insurance Co. Ltd.
401 St. John St., London, EC1V 4QE. 01-837 6494

Albany Life Assurance Co. Ltd.
3, Darkes Lane, Potters Bar. 0707-42311

Allied Dunbar Assurance PLC
Allied Dunbar Ctr, Swindon SN1 1EL. 0793 28291

Ambassador Life Ass. Co. Ltd.
80 Holdenhurst Rd, Bournemouth BH8 8AL 0202 292345

Barclays Life Assur. Co. Ltd.
252 Romford Road, E7. 01-534 5544

Black Horse Life Ass. Co. Ltd.
34oa, High St., Chatham 0634 405161

British National Life Assurance Co. Ltd
Perrymount Road, Haywards Heath. 0444 414111

Canada Life Group
2-6, High St, Potters Bar, Herts. P. Bar 51122

Cannon Assurance Ltd.
Lutham House, 1, Lutham House, EC3. 01-902 8876

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-626 1533

City of Edinburgh Life Assurance Co.
46 Charlotte Sq, Edinburgh, EH2 4HQ. 031-225 1655

City of Westminster Assurance

Clerical Medical/Fidelity International
Narrow Plain, Bristol, BS2 0JH 0272 290566

Clerical Medical Managed Funds Ltd.
15 St. James's Sq, SW1Y 4LQ. 01-930 5474

Colonial Mutual Group
24 Ludgate Hill, EC4P 4BD. 01-248 9861

Commercial Union Group
St Helen's, 1, Undershaft, EC3. 01-283 7500

Confederation Life Insurance Co.
50, Chancery Lane, WC2A 1HE. 01-242 0282

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN. 01-680 5225

Cornhill Insurance PLC
57 Ladymead, Guildford. 0483 68161

Credit & Commerce Life Ass. Ltd.
74, Shepherds Bush Green, W12 8SD 01-740 7070

Criterion Assurance Group
Swan Court, Petersfield, Hants 0730 63281

Crown Financial Management Ltd.
Crown Hse, Woking GU21 1XW. 04862 5033

Crusader Insurance PLC
Reigate, Surrey, RH2 8BL. 07372 42424

Dominion Financial Management
120, Church St., Brighton, BN1 0273 696000

Eagle Star Insur/Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Equity & Law
Amersham Road, High Wycombe. 0494 33377

Family Assurance Society
Brighton 0273 671111

Federation Mutual Insurance Ltd.
29 Linkfield Lane, Redhill, Surrey. 67333

Framlington Life Insurance Ltd.
3 London Wall Bldgs, London EC2M 5NQ. 01-628 5181

Friends' Provident Life Office
Pixham End, Dorking. (0306) 885055

G.T. Management Ltd.
8th Floor, 8 Devonshire Sq, EC2 01-283 2575

General Accident Linked Life Assurance(z)
20/24 Addiscombe Rd, Croydon CR9 5BS. 01-686 0411

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

General Portfolio Life Ins. PLC
Crossbrook St. Cheshunt, Herts. 0992 31971

Gresham Unit Assurance Ltd.
2-6 Prince of Wales Rd, B'mouth. 0202 767655

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Hearts of Oak Benefit Society
129, Kingsway, London, WC2B 6NF 01-404 0393

Henderson Administration
26 Finsbury Sq, London EC2. 01-638 5757

Hill Samuel Life Assur. Ltd.
NLA Twr., Addiscombe Rd, Croydon. 01-686 4355

Imperial Life Ass. Co. of Canada
Imperial Life House, London Rd, Guildford. 571255

Imperial Life (UK) Ltd.
Imperial Life House, London Rd, Guildford 571255

Irish Life Assurance Co. PLC.

The LAS Group
10 George St, Edinburgh. 031-225 6494

Langham Life Assur. Co. Ltd.
Langham Hse, Holmbrook Dr, NW4. 01-203 5211

Legal & General (Unit Assur.) Ltd.
2 Montefiore Road, Hove, East Sussex BN3 1SE

Legal & General (U.A.)—Contd.
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU Burgh Heath 53456

Legal & General Prop. Fd. Mgrs. Ltd.
11, Queen Victoria St., EC4N 4TP. 01-248 9678

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

Lloyds Life Assurance
20 Clifton St, EC2A 4HX. 01-920 0202/0733 262924

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

London Life
100, Temple St., Bristol, BS1 6EA. 0272-279179

London & Manchester Group
Winslade Park, Exeter EX5 1DS. 0392 52155

M & G Group
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

Manulife Group

Merchant Investors Assurance
Leon House, 233 High St., Croydon 01-686 9171

MGM Assurance
MGM Hse, Heene Rd, Worthing. 0903 204631

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage. 0438 356101

Minster Life Assurance Co Ltd
0622 679351

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 0306 887766

National Mutual Life
5 Bow Churchyard, London EC4M 9DH. 01-236 1566

National Mutual of Australasia
Serpentine Rd, Poole, Dorset. 0202 680666

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

New Zealand Insurance PLC
Southend. (0702) 344555

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 622200

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441

Phoenix Assurance Co. Ltd.
18 King William St, EC4N 7ER. 01-626 9876

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd, N. Waterloo, L'pool 051-928 6655

Premium Life Assurance Co. Ltd.
Eastcheap Hse., Haywards Heath 0444 458721

Property Equity & Life Ass. Co.
Essex Ave, Southend SS2 6QH. 0702 333433

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Growth Pensions & Annuities Ltd.

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Provident Life Assoc of London Ltd
246 Bishopsgate, EC2M 4PQ. 01-247 3200

Provident Mutual Life Assc. Assn.
Walton Rd, Hitchin, Herts SG4 0LP 0438-739000

Provincial Life Assurance Co. Ltd.
222, Bishopsgate, EC2. 01-247 6533

Prudential Assurance Co.
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential Pensions Limited
Holborn Bars, EC1N 2NH. 01-405 9222

Reliance Mutual
Reliance House, Tunbridge Wells, Kent. 0892 22271

Royal Life Insurance Ltd.
New Hall Place, Liverpool L69 3HS 051-227 4422

Save & Prosper Group
28, Western Rd, Romford RM1 3LB. 0708-66966

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth. 0705 827733

Scottish Amicable Investments
150 St Vincent St, Glasgow 041-248 2323

Scottish Equitable Life Assur. Soc.
31, St Andrew Sq, Edinburgh. 031-556 9101

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. $13.20
Inv. Acc.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech $9.00
Dynamic Gwth Fd. $8.16

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.2	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.91	8.90	13.19	6mth
7-day Fnd	12.31	9.20	13.63	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.21	9.13	13.47	6-Mth
7-day Fund	12.34	9.22	13.60	6-Mth
Dollar	6.62	—	—	6-Mth
Money Mngt. Acct.	12.125	9.06	13.59	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc.	12.25	8.75	13.09	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	12.375	9.25	13.87	Qtr
Mth. Int. Chq.	12.25	9.16	13.90	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.90	8.89	13.22	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.00	8.875	13.29	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.06	9.02	13.4269	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.25	9.16	13.09	Mth
U.S. Dollar	7.00	7.00	7.23	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	10.00	14.63	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.25	9.16	13.83	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	12.50	9.34	14.19	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.90	8.89	13.22	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
High Int Cheque	12.00	9.00	—	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.375	9.25	13.21	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.75	8.78	13.07	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	11.77	8.80	13.17	Qtr
Provincial Trust (formerly Choularton) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	12.50	9.34	14.19	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.00	8.97	13.44	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	11.70	8.75	13.06	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	11.83	8.84	13.24	Qtr
Money Acc.	12.207	9.125	13.68	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.20	9.12	13.84	Mth
Over £10,000	12.45	9.31	14.14	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5E 0752 24141				
High Int Chq Acc.	12.63	9.44	13.24	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‖ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	16	Midland Bk.	30
BAT	32	NEI	8
BOC Grp.	25	Nat West Bk.	60
BSR	16	P & O Dfd.	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect.	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	58
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	8½	Land Secs.	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met.	25	**Oils**	
GUS 'A'	60	Brit. Oil & Min.	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst.	17½	Charterhall	6
Hawker Sidd.	38	Premier	5
Hse of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24		
Legal & Gen	50	Charter Cons.	18
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25		
Marks & Spencer	11	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	56	......	Arnott	170	......
Craig & Rose £1	700xd	......	CPI Hldgs	56	......
Finlay Pkg. 5p	62	......	Carroll Inds.	132xd	+2
Higsons Brew	225	......	Dublin Gas	58	......
Holt (Jos) 25p	725	......	Hall (R. & H.)	56	+1
IoM Stm. £1	80	......	Helton Hldgs.	17	......
IRISH			Irish Ropes	47	......
Fund 11¼% 1988	£100⅛	+⅛	Jacob (W.& R.)	80	......
Nat. 9¾% 84/89	£94⅞xd	+¼	Unidare	80	......
Fin. 13% 97/02	£106½	+1			

"Recent Issues" and "Rights" Page 14

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FINANCIAL TIMES

Saturday July 13 1985

Hattersley spells out fiscal policy approach

BY ANATOLE KALETSKY

A FUTURE Labour Government would base its fiscal policies on a new set of "realistic and convincing" definitions of public borrowing and spending, which would supplant the present Government's "arbitrary and absurd" targets for the public sector borrowing requirement, Mr Roy Hattersley, the shadow Chancellor, said yesterday.

In a major speech, detailing for the first time the Labour leadership's analysis of government borrowing and debt, Mr Hattersley told a Financial Times conference in London that Labour's strategy would focus on three broad measures of the government's fiscal stance.

The main targets would be expressed as ratios of total public debt to gross domestic product, with particular emphasis on the "underlying long-term trend" of this ratio.

This ratio would gauge the macroeconomic effects of government borrowing and would help to "reassure the markets that they would not be expected to absorb an unacceptably high amount of debt," Mr Hattersley said.

In addition, a Labour Chancellor would publish with each Budget a public sector balance sheet. This would show the growth in government assets as well as in its liabilities if the funds raised by government borrowing were used to finance investment rather than current spending.

Finally, the fiscal stance would be assessed within the Treasury in terms of the general government financial deficit. This is a wider measure of fiscal stance than the PSBR, and treats the sale of public assets as a form of government borrowing.

In making judgments on this deficit, the Treasury would make adjustments to reflect the impact of inflation and the state of the economic cycle on governmental spending, revenues and indebtedness.

This framework, by clarifying the relationships between government borrowing and investment, would help to dispel some of the "crude antipathy to public borrowing" fomented by the present government, Mr Hattersley said.

For example, it would remind the public that governments through the years have been "far from profligate in their overall borrowing." In fact, in every year since the war, governments have borrowed less than they have spent on investment, the said.

The new fiscal concepts would also remove some of the anomalies, such as the restriction of profitable nationalised industry investment, created by the present "bizarre" definition of the PSBR.

Mr Hattersley added that the fiscal framework, stated "in a way which confirms the government's determination to adhere to it," would be essential to the maintenance of international confidence.

He stressed, however, that further nominal targets would be required to privede assurances against inflation. These he promised to spell out in another major policy speech in th autumn. Ideas under discussion within the Labour Party are known to include the targeting of nominal GDP, of unit costs and of the exchange rate.

Eight dealers quit jobber for Kleinwort

BY JOHN MOORE, CITY CORRESPONDENT

WEDD DURLACHER Mordaunt the stockjobber, has ben hit by one of the biggest staff defections from a leading securities firm since the financial services revolution began in London nearly two years ago. Eight of the firm's dealers are leaving to join the securities operations of Kleinwort, Benson, the merchant banking group.

"We obviously did not want to lose them," said Wedd Durlacher partner Mr Graham Ferguson yesterday. "But as we are in the middle of e revolution it is in the nature of things for people to come and go."

Wedd Durlacher is one of the largest jobbers or market makers on the Stock Exchange and is in the process of an ambitious merger with Barclays Bank.

Two of the eight, Mr Charles Hue Williams and Mr William Mellen, who are senior partners within Wedd Durlacher, are members of the firm's nine-man management team.

Three other departing partners are Mr Barrie Bennett, Mr Keith Humfress and Mr Martin Lupton. The others are staff members—Mr John Wilson, Mr Michael Ackers and Mr John Wood.

Separately, Wedd Durlacher partner Mr Peter Furlong, a dealer in electrical stocks, is to join Scrimgeour Vickers, which is becoming the London-based securities arm of Citicorp the U.S. bank.

Kleinwort said that the group of eight traders in equities, led by Mr Hue Williams and Mr Mellen, had agreed to join the merchant banking group es soon as their contracts of employment permit.

At Wedd Durlacher, Mr Ferguson said that there were "no contracts of employmeot. But their partnership agreements end next April." The eight bad offered their resignations at around 5.15 pm on Thursday.

The team joining Kleinwort will work with Grieveson Grant, the stockbroker which Kleinwort is acquiring, and will form the core of the trading and market making team in equities. Mr Hue Williams is a leading dealer in oil stocks.

In the London financial markets yesterday there was speculation that the eight could be going to Kleinwort for a combined financial package worth up to £2m a year. But Mr Robin Fox, vice-chairman of Kleinwort, Benson, declined to comment on the financial arrangements.

Mr Fox said that professional headhunters had not been used in the recruitment. Talks between the eight and Kleinwort had taken place during this week, although there had been discussions with Grieveson Grant over the last few weeks.

Barclays executives said they were "a little saddened by the departures." Wedd Durlacher management had made efforts yesterday to find out why the eight were leaving and attempts were made to pursuade them not to go.

In the last few months Wedd Durlacher has been hit by a wave of departures. Mr John Hutchinson, a senior dealer in the gilt-edged market, left for Merrill Lynch, where he is setting up the U.S. investment house's primary dealership in London.

Mr Hugh Hughes, another partner, left to join Savory, Milln the stockbroker and was followed by six other Wedd Durlacher staff.

In an effort to stem the tide of departures Wedd Durlacher moved to increase its partnership by 40, bringing it up to 105, so as to provide financial incentives to possible defectors. But within the group there bas been some unhappiness abont the changing style of management now that the firm is merging with a large UK clearing bank.

Britoil's results disappoint

By Dominic Lawson

BRITOIL, the world's largest oil exploration company, yesterday disappointed the City with its balf-year results only a fortnight before the Government is to sell its remaining 49 per cent stake.

For the six months to the end of June, Britoil made net profits of £91.4m compared with £63.4m in the corresponding period of 1984. However the City bad expected to see at least £100m and the sbares fell 10p to 205p on the news before recovering slightly to close at 207p.

The Government bopes to raise about £500m by selling its Britoil shares and Lazard Brothers merchant bank to the issue, yesterday issued the so-called pathfinder prospectus. It forecasts that Britoil will make net profits of £190m in 1985 and a net dividend of 13p a share, compared with 1984's payout of 11.5p.

Here too the City appeared rather unenthusiastic, as its own forecasts for full year profits had averaged about £200m, Mr Robert Speirs, Britoil's finance director, said yesterday that many stock market forecasts bad been made too early, before the rapid rise of sterling against the dollar, the currency in which crude oil is traded.

The initial Britoil flotation at a price of 215p per share flopped with 75 per cent of the issue ending up in the bands of the underwriters. This time the Government is determined to avoid that ignominy by requiring all the underwriting institutions to make applications for the shares they underwrite.

Effectively all the shares will be placed with insitutions, some of them foreign.

Britoil said yesterday that it expected to double its 38,000 sbarebolders as a result of the issue. Existing sharebolders will be given priority to buy one of the Government's shares for every five held.

The Britoil flotation in 1982 was torpedoed in large part by gloomy statements about the oil market by leading ministers of the Organisation of Petrolenm Exploring Countries. But Lazard bas advised the Government to sell the shares in the last week of June, even thougb OPEC is to hold a potentially explosive ministerial meeting next week.

Mr Marcus Agius, director of Lazard, said yesterday: "We have advised the Government that this is a good time for the issue. We do not expect fireworks at the OPEC meeting."

Sir Philip Sbelbourne, Britoil's chairman, said yesterday that following the sale of the Government's shares, Britoil would follow a more active policy of acquisitions, because it would now be able to fund such deals with shares, and not just cash. "We will become more aggressive," said Sir Philip.

EEC and U.S. settle pasta trade war

BY IVO DAWNAY IN BRUSSELS

THE PASTA WAR between the EEC and the U.S. has been resolved in a compromise that may have implications for other transatlantic farm trade disputes.

The peace is the first big political accord reached by Mr Clayton Yeutter, since be took over last month as the U.S. Trade Representative. The agreement follows negotiations with M Willy de Clercq, the EEC Trade Commissioner, in the margins of trade talks with Japan and Canada in Ontario.

In return for the EEC reducing its export subsidies on pasta sold to the U.S., from Ecu 14 (£7.82) to Ecu 8 per 100 kg, Washington has agreed to drop its action against pasta imports under the General Agreement on Tariffs and Trade and its threat to impose 40 per cent tariffs on Community shipments.

The two sides have also agreed to four months of reflection before further talks to try to settle the row over the EEC's policy of giving Mediterranean citrus producers preferential access to the Community market. This frustrates U.S. citrus exporters and provoked the threat of retaliation by Washington over pasta.

The compromise offers something for each side though some observers may reckon that the EEC has comeout better.

For the U.S. the solution achieves reduction of the EEC subsidies on pasta, while still leaving Washington scope to seek further compensation from the Community over its Mediterranean preferences about a trust. The accord also means that the EEC's threat of tariffs on U.S. exports of nuts and lemons have been dropped.

The reduction in the export subsidies is clearly a concession to Washington but the settlement leaves intact the EEC's defence of the principle that it may use export aids for processed foods.

The Gatt panel that ruled on this issue in 1983 found in favour of the U.S. It deemed the export aids contrary to rules, but implementation of this decision was blocked by the EEC in the Gatt council. By settling the row, the Community's continuation of these subsidies is assured, though U.S. objections are likely to persist. The citric row is apt to resume in the autumn.

Continued from Page 1

Building societies

The two chairmen also claimed that the merger would lead to more efficient use of the two societies' branches, a more effective investment in computer technology and improved career opportunities for staff.

It is intended that Mr Leonard Williams, the Nationwide chairman, be chairman of the new society. Mr Tim Melville-Ross, now his chief general manager, could be chief executive. The latter, at 40, is the youngest chief executive of a leading building society and was appointed recently to his present position.

Mr Alan Cumming, chief general manager of the Woolwich, could become a full-time vice-chairman with responsibility for special assignments. Mr Alan McLintoch, the Woolwich chairman, could be deputy chairman. Mr Melvile-Ross's deputy would be Mr Donald Kirkham, deputy chief geoeral managed at the Woolwich.

The two societies first started to discuss a merger last November. Yesterday, Mr Williams said that no final decision would be taken until the end of the year.

If, by the end of this year, the two boards were to decide to recommend that the merger proceed, this would be put to members carly in he new year, with a view to implement the decision during the first half of 1986.

Newspaper deal allows journalists to set type

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE FIRST newspapers in Britain on which journalists will directly set type with the agreement of the print craft union are to be produced on Monday.

The deal, reached by the Portsmouth and Sunderland Group on the editorial system, is the first direct input agreement with the National Graphical Association and a considerable breakthrough for both sides.

The group says that 16 NGA jobs will disappear. Three printers bave accepted transfers fers: five have joined a pool of printers who deal with telephone copy and eight are retiring.

The agreement, which has not yet been signed, acknowledges that "the reporting, subediting, reading, correcting and typesetting functions are combined.

"It is agreed that editorial copy originated by journalists and contributors will be input by them into the system, recalled to screen for the combined editing/reading/correcting function, and thereafter output directly to the phototypesetter."

The agreement stipulates that typists engaged as typesetters in the group's composing rooms will be paid £133.71 a week—85 per cent of the former basic rate in the company, but equal to the national basic rate. It will apply to new recruits.

The achievement of this agreement, after a long and tortuous negotiation, marks a decisive stage in the NGA's acceptance of new technology at least partly on the employer's terms.

It reflects the relative weakness of the union in provincial papers following setbacks at the Wolverhampton Express and Star and Kent Messenger groups, where up to 300 NGA members may face permanent loss of their jobs following unsuccessful industrial action.

The Portsmouth and Suoderland group has told the NGA that it intends to operate "direct inputting" in the advertising department, and for contract work, from December, although this is still in dispute with the union.

Talks between management and NGA leaders will be beld tomorrow night in an effort to settle differences over the remaining two sections.

Mr Tony Dubbins, NGA general secretary, said yesterday that "in view of the egreement on the editorial side, I think the company would be foolish not to try to reach agreement on the other two eections

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 8½pc 1987-90 £90⅞		+ 1/16
Excheq 10½pc 2005 £106¼		+ ¼
Clay (Richard)	144	+ 45
Buckley's Brewery	76	+ 7
First Leisure	293	+ 10
Freemans	252	+ 10
Hollis	74	+ 5
Johnson Matthey	95	+ 12
Laing (J.)	222	+ 7
Mitchell Somers	62	+ 4
Murray Gwth Tst	104	+ 5
Parkfield	102	+ 10
Rank Organ.	353	+ 13
Taylor Woodrow	445	+ 5
Woodhead (Jonas)	34	+ 5
FALLS		
Treas 2½pc IL 2009 £97⅞		− ¼
BTR	350	− 6
Beecham	303	− 8
Britoil	207	− 8
Christies Intl	215	− 15
Granada	148	− 6
ICI	693	− 13
Jaguar	248	− 7
Legal & General	665	− 18
Lucas Inds	258	− 10
NatWest Bank	693	− 13
Pericom	53	− 5
Rothmans Intl	130	− 4
TSL Thermal Synd	235	− 30

WORLDWIDE WEATHER

UK today: Sunny periods in SE. Sun, showers in Scotland, N. Ireland. Some rain in N. Wales and NW.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	T	23	84	Corfu	S	31	88	L. Ang.†	F	18	64	Paris	F	25	77
Algiers	S	31	88	Belfast	F	22	72	Luxmbg.	F	21	70	Peking	F	26	79
Amsdm.	C	20	68	Dublin	C	19	66	Madeira	F	23	73	Perth	S	19	66
Athens	S	30	86	Dbrvnk.	S	25	77	Madrid	S	30	86	Prague	F	23	73
Bahrain	S	35	95	Ednbgh.	C	19	66	Majorca	S	30	86	Reykjvk.	S	9	48
Barclna.	S	27	81	Faro	S	24	75	Malaga	S	27	81	Rhodes	S	29	84
Belfast	C	17	63	Florence	F	31	88	Malta	S	29	84	Rio J'o		—	—
Belgrd.	S	25	77	Frankft.	F	22	72	M'chstr.	R	18	64	Rome	S	33	92
Berlin	F	24	75	Geneva	S	25	77	Melbne.	R	11	52	Salzbrf.	F	27	81
Biarritz	S	27	81	Gibraltar	S	25	77	Mx. C.		—	—	S F'cisco†	C	13	55
Bmghm.	C	20	68	Glasgow	C	17	63	Miami†	S	26	79	S'tiago		—	—
Blackpl.	R	17	63	G'nsey	F	16	61	Milan	C	28	82	Stckhm.	C	21	70
Bombay	F	29	84	Helsinki	T	21	70	Montrl.†	S	16	61	Strasbg.	F	24	75
Bordx.	S	27	81	H. Kong	R	31	88	Moscow	C	20	68	Sydney	S	17	63
Boulgn.	S	18	64	Innsbrk.	S	25	77	Munich	F	23	73	Tangier	F	29	84
Bristol	C	20	68	Invrnss.	C	15	59	Nairobi	F	24	75	Tel Aviv	S	29	84
Brussels	F	23	73	I.o.Man	C	14	57	Naples	S	31	88	Tokyo	C	29	84
Budpst.	F	25	77	Istanbul	F	24	75	Nassau		—	—	T'ronto†	R	15	59
Cairo	S	35	95	Jersey	F	20	68	Nwcstl.	F	20	68	Tunis	S	32	90
Cardiff	C	20	68	Jo'burg	S	5	41	N Delhi	C	29	84	Valencia	S	29	84
Cape T.	C	13	55	L. Pims.	S	25	77	N York†	S	22	72	Venice	S	27	81
Chicg.†	F	17	63	Lisbon	S	22	72	Nice	S	28	82	Vienna	F	24	75
Cologne	F	24	75	Locarno	F	27	81	Nicosia	S	33	91	Warsaw	F	22	72
Cpnhgn.	F	21	70	London	F	21	70	Oporto	C	20	68	Zurich	S	23	73

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Continued from Page 1

U.S. retail sales

for two consecutive months—will, however, tend to reinforce concerns that the weakness in the retail sector may persist.

The figures overshadowed the department's brighter news on the inflation front. Wholesale prices last month were unchanged, bringing the annual rate of wholesale price inflation for the first half of the year to a modest 1.4 per cent.

The commerce department will report next week its first official estimate of real Gross National Product amid widespread expecttations that it will revise downwards from 3.1 per cent the "flash" forecast of real annual economic growth in the second quarter issued last month. Some private economists have suggested that second quarter growth could be as low as 2 per cent.

The financial markets are also anxiously awaiting any signals from the Federal Reserve Board of a shift in monetary policy following this week's two-day meeting of its policy making open market committee.

Mr Paul Volcker, the Fed chairman, is due to testify to Congress next Wednesday about the direction of monetary policy, a statement which will also be closely watched for signs of bow the central bank views the economic outlook.

Continued from Page 1

Johnson

Its trading results, however, were better than the City had expected. Pre-tax profits of £22.5m on continuing operations were lower than the previous year but higher than most analysts' forecasts. On the Stock Exchange its shares rose 12p to close at 95p.

Mr Eugeoe Anderson, the U.S. chief executive appointed in April, said: "I bave no illusions about the rough waters Johnson Mattchey has ben in the last few months, but we've rounded the Horn and we're now in calmer seas."

So far this year, the company bas changed its management and invited Coopers and Lybrand, the accootancy firm, to conduct a study of the business. Although borrowings bave been reduced by £51m to £227m, debt is still larger than sharebolders' funds.

Write-offs on the U.S. jewellery businea have totalled more than £80m in the last two years, but the company cleims that the worst is behind it. "Johnson Matthey will get stronger," said Mr Anderson, "and it obviously needs to."

THE LEX COLUMN

Another bite at Britoil

Index fell 8.4 to 926.0

The conjunction of an Opec meeting and a Britoil offer for sale has not, traditionally, been a favourable one and the company was surely tempting its voodoo in producing a dummy prospectus stuck with pins. Full credit may be given Britoil for refusing to polish up its figures in time for this second tilt at the market; but some of the most cautious accounting policies in the industry have ensured a result for the half-year to June well short of City expectations—and dragged the share price 7p below the price at which the first half of Britoil equity was offered in 1982. Existing sbareboldera must wonder whether this is a twice-in-a-lifetime offer they can do without.

It is all very well to argue that Britoil will be the soundest UK independent oil and gas company; in terms of acreage, tax efficiency and cash flow, it probably is. But for all the balance sheet progress since 1982, and Britoil's growing exposure to a largely sterling-based commodity in the form of gas, the market can never quite get the price of oil out of its head; and a bit of door-slamming in Geneva could still play havoc if it happens to coincide with the sub-underwriting. It is true that the world is weary of Opec meetings, but the suggestion that the oil market might not be any better in September is scarcely a spur to apply for Britoil in July.

The Government's timing has a reckless air about it and looks odd beside the conservatism of Britoil and the offer structure: at a discount to the original flotation price, the share will yield more than double the market average and be partly paid to boot. This will decline if the rating then moves to the top of a not very sparkling stock market class; but removing the Government's overbanging sbares does not clear the way to takeover.

Takeovers

Takeover tactics become more sophisticated with each passing week. Yesterday Guinness introduced the concept of the takeover sandwich to its bid for Arthur Bell. The company released a pre-emptive response to the Bell defence document before the latter bad been published and followed up with a more formal asssult on the Bell case in the late afternoon. Not to be outdone, Bell produced a slim volume which looked more like a holiday brochure than a defence document.

The glossy pictures fail to add much to the Bell case but the text, which promises a 50 per cent increse in dividends for the year to June, is a spirited and detailed affair. Bell has sensibly neglected to press the Scottish argument, relyiog instead on a rebuttal of the Guinness claim that it has failed to market its product effectively, particularly in the U.S. The evidence is far from conclusive—shareholders are being kept waiting for the preliminary figures and an indication of current year trading—but at least the Bell defence is gathering momentum. And not before time. Last night both the equity and the cash offer were lagging only 5p behind the Bell price of 230p.

Yesterday's wooden spoon went without question to Debenhams, which put out the results of its property revaluation long after the market had closed. This exercise has added just 5p—or 2.2 per cent—to the group's net assets per share (prior to the bonus issue) and means that 60 per cent of the Debenhams market capitalisation is accounted for by tangible net assets. Wow.

Johnson Matthey

The new brooms who have taken the top jobs at Johnson Matthey decided to sweep out all the debris at once yesterday in their results for the year to March. The pre-tax profits of £22.5m on continuing businesses were respectable enough, even encouraging. But the real dregs came below the line in the form of £176.3m of extraordinary losses, almost large enough to wipe reserves out altogether.

The £152m of losses at Johnson Matthey Bankers were not unexpected. What beggared belief was to see a further write-off on the U.S. jewellery business. After £69.1m of provisions last year and another £10.8m at the interim stage, the additional £5.7m came as a surprise—the more ironic since it is mainly the result of Johnson Matthey Bankers (now under new management) reversing its previous decision to back the buyers of JM's jewellery subsidiary.

The new management has nonetheless done impressively on what looked like the impossible task of reducing JM's debt. In the second half, money and metal borrowings decreased by £137m, mainly through cash generation, but are still about one-and-a-half times the shrunken shareholders' funds of £205m. It is no longer inconceivable that the company could survive without a reconstruction, but it will be a long hard grind. The market yesterday was prepared to give JM its backing, marking the shares up 12p to 95p.

Musical chairs

The City's game of musical chairs is an exceptionally pleasant—not to say profitable—pastime for the players and tedious in the extreme for the owners of the chairs. Yesterday the music stopped again to reveal eight Wedd, Durlacher executives occupying chairs at Kleinwort, Benson, which had earlier lost its vice-chairman to Wedd's parent. Eight market makers are worth a good deal more than one vice-chairman in the City's eyes, and poor Barclays, which bought Wedd, must be blushing with embarrassment. At this rate, it will end up paying almost £100m for a row of empty seats.

WEEKEND FT

Saturday July 13 1985

Settlers and tribesmen first clashed in the Eastern Cape more than a century ago. Now, the area is once again the front line in the continuing struggle between black and white for supremacy. **Anthony Robinson** examines the background—and what the future might hold

South Africa, where two worlds collide

THE FIRST sign that all is not well is tha army camp: khaki bell tents flanked by armoured cars where the motorway leaves Port Elizabeth and plunges into the dark green bush, with its cactus and orange-flowering aloes.

A few minutes beyond the bulbous, top beavy Hippo and Casspir troop carriers comes another extraordinary apparition. Beside makeshift homes of sackcloth and flattened tin cans, ghost-like creatures with white masks, wrapped in biankets, stare with wide eyes at the passing traffic. They are Xhosa youths; their white face-paint denotes the age of initiation; the shanty dwellings are proof of recent influx from the nearby "Homeland" of Ciskei.

They are the latest arrivals in an unstoppable migration which for over a century has made Sonth Africa'a Eastern Cape province the turbulent frontier between black and white. In time they will melt into the shanty towns and dusty official townships. There they will join that mostly unemployed black urban proletariat whose struggle for jobs, bousing, educatinn and dignity bas erupted into violence over the last 18 months.

This being South Africa, the struggle for emancipation is also in large part a struggle between white and black. It is not for the first time. The walls of the art gallery beside the bowling green in one of the White suburbs above Port Elizabeth are filled with 19th century paintings and prints which record the earliest meetings between two worlds. They show British Army Redcoats and white settlers moving north from the Western Cape in wary negotiation with Xhosa tribesmen moving south in searcb of new pastures or escape from the marauding *impis* of Shaka, the great Zulu chief.

For it was here, in the late 18th and early 19th centuries, that the traumatic clash of cultures and struggles for land and power, which has characterised South Africa ever since, really began. It took place more than a century after the initial Dutch settlement at Cape Town which first established a limited white toehold. "Cape Coloureds" to this day bear witness to early intermingling between Europeans and native "Hottentots" and "Bushmen."

Nothing similar took place in the Eastern Cape where white conqnest was marked by a series of "kaffir wars," the building of a chain of military forts and the settlement of over 4,000 Englisb veterans of the Napoleonic wars in the 1820s. The old forts, the Fort Beaufort, Grahamstown and Cradock, have developed into pleasant country towns, but the tradition of militancy is still alive in the surrounding black townships.

In retrospect the first spark was struck in December 1983 when the Department of Education and Training informed a young black teacher, Mr Mathew Goniwe, that be was to be removed from Cradock to Graaff-Reinet, 100 kms away. Mr Goniwe was *not only* a *highly popular* and dedicated teacher who was imprisoned in 1977 for four years under the suppression of communism act. He was also founder of the Cradock Residents Association (Cradora). To local whites be was an agitator. To blacks be was a champion of their fight for better housing, schools and amenities. His dismissal sparked off a school boycott which lasted 14 months and made Cradock a focus of protest and challenge to white anthority.

On July 3 his mutilated body was found beside the Port Elizabeth-Grahamstown Road, one of four victims of what the black community in the Eastern Cape is convinced was murder by Latin American-style death squads linked covertly to tbe secret police.

A modern equivalent of Fort Beaufort can now be found in the beart of Kwanobuhle Township, just over a mile from the Volkswagen plant in nearby Uitenhage. It is built on the hurnt-out and bricked-up base of what was formerly a black-owned liqnor store.

It bas four square turrets on the roof and beneath the parapet tousle-headed white conscripts play football or gaze with rifle in hand on a panorama of unpaved roads, piles of uncollected garbage, skeletons of cars, gutted beer-halls and libraries and the burnt-out bomes of Black policemen, councillors and those described as "sell-outs" nr "criminal exploiters of the people." "Fort Kwanobuhle" is surrounded by rolls of barbed wire and dnsty space—an nutpost of the occupying power in bostile territory.

Violence and repression were nnt the only consequences of the white settlers who built up prosperous farms and flocks of mohair sbeep. They were accompanied by missionaries devoted to "civilising and educating" the natives. The legacy of their activity can be seen today in two of the most important black educational establishments, Lovedale College and Fort Hare University through which bave passed many of Africa's most accomplished intellectuals and leaders.

Local white academics, such as Michael de Jongh, senior lecturer in anthropology at the University of Port Elizabeth, believe that the beightened awareness of the virtues of education, the long bistory of black/white conflict, and the lowering of educational standards which acompanied the Bantu educational policies of apartheid, are all powerful underlying factors which bave belped to make the Eastern Cape the most politicised area in the country.

The subsequent development nf the motor and other industries around the country's third largest port, Port Elizabeth, as well as East London, have also made it one of the most strongly unionised areas, a process encouraged in recent years by the adherence of major foreign employers such as Ford and General Motors to the Sullivan Code of industrial ethics with its emphasis on bleck advancement and equal opportunities.

It is no coincidence therefore that the Eastern Cape is one of the bastions of the banned African National Congress (ANC), whose imprisoned leader Nelson Mandela is a Xbosa prince, and of the banned Pan Africanist Congress (PAC), or that today it is a stronghold of the multi-racial United Democratic Front (UDF) and the rival "black consciousness" Azanian Peoples Organisation (Azapo).

But if these are some of the historical factors which bave made the Eastern Cape one of the most politically volatile areas of contemporary Sonth Africa, the last two decades of relative economic decline and government neglect bave created a fertile breeding ground for the unrest in black townships not only around the main towns but on farms and small rural towns throughout the area.

Ironically the decline of Pnrt Elizabeth as the Detroit of South Africa began with new local content legislation introdnced in the early 1960s. This was designed to encourage development of the component industry by insisting on 66 per cent local content by weight. Suddenly the logistical advantages of proximity to a good port shifted in favour of closeness to local sources of steel, the state-owned Iscor steel plants on the Reef around Jobannesburg and Pretoria. Tbe Reef is also the main market for cars and trucks.

At the same time the creation of "independent" or "self-governing" black "bomelands" as part of the grand apartheid strategy of Dr Hendrik Verwoerd and his successors was accompanied by industrial decentralisation policies which gave fiscal and other advantages to labour intensive indnstries setting up close to or inside the new homelands.

The combination of protectionism and *incentives* coupled with the *vision* of a growing Black market and the possibility of exports to the rest of Southern Africa led to an influx of Japanese and European manufacturers. They sited their new factories in the development areas, sucb as BMW at Rosslyn, north of Pretoria on the borders of Bophuthatswana or—as in the case of the South African licensee of Toyota—at Durban.

For the established motor industry, based on Ford and General Motors at Port Elizabeth, Volkswagen at nearby Uitenhage and Mercedes Benz at East London close to Ciskei, developments since the 1960s have created greater competition in an over-crowded market and the twin *disadvantages of a 650-mile* distance from both markets and steel sources.

In an attempt to atone for past neglect the government last month announced the go-ahead for e R100m irrigation scheme which will bring water from the *Orange River* to the *Eastern Cape's Greet* Fish River area on the border with the Ciskei. The scheme is being modified to create as many unskilled pick-and-shovel type jobs as possible.

Even so the new scbeme is more likely to provide jobs for the unemployed of the Ciskei, whose own investment incentives bave also diverted fnnds from the Eastern Cape, than touch the massive unemployment problem around Port Elizabeth and elsewbere which is almost universally recognised to be the most potent ingredient behind the unrest.

Officially 15,000 Blacks are registered as unemployed in the Port Elizabeth/Uitenhage area. Bot Mr Lon Wilking, the *outspoken American managing* director of General Motors, paints a more alarming, and realistic, picture.

"My information is that there are eround 400,000 Blacks in the townships surrounding Port Elizabeth of whom maybe 120,000 are in squatter camps. Countrywide some 50 per cent of the black population is under 16. Take out the old as well and in this area you bave an employable population of around 150,000. The car industry employs around 30,000, total employment is between 50-60,000. What is needed is over 80,000 jobs—now."

According to some unofficial estimates by local academics the black population in the area *is increasing by as* mucb as 14 per cent annually through a combination of higb birthrate, illegal influx, from the Ciskei and elsewbere, and the effect of the drought which bas pushed black families off the farms.

The illegitimacy rate in the overcrowded townships is believed to be a staggering 60 per cent, an indicator of the breakdown in family life and discipline, especially among the young who have heen in the forefront of school boycotts and violent protest.

In a word, the black townsbips of the Eastern Cape had oll the makings of a tragedy waitiog to happen. It did on March 21 when police in armoured cars shot and killed 20 mourners going to a funeral—on the 25th anniversary of the Sharpeville massacre. The killings at Langa near Uitenhage seot shock waves around the world and the Government set up a commission of enquiry under Mr Justice Donald Kannemeyer. His report on June 11 was a severe indictment of police *methods* and attitudes.

But neither world attention nor the Kannemeyer Commission baa stopped the toll of death and injury. In the four months since Langa more than eight *times as* many bl*acks* here *been killed* in inter-community violence or clashes with the police in the Eastern Cape than died in that one tragic incident.

But despite the violence and death nf recent months, black, white and coloured co-exist side by side at the Volkswagen and other plants. Quality of production is high, black sbop stewards meet regularly with management, tbe companies obey their respective EEC or Sullivan employment codes, fund black schools and training facilities and act as good corporate citizens.

Without them things would be much worse. For all races the factories seem islands of sanity, rationality and good-will in an external world, which, for most blacks at least, is full of bitterness, frustration and the responsibility of feeding not only the immediate family but hungry neighbours too. The factories seem to represent e buffer zone, one of the few points of personal and official contact in an otherwise frighteningly polarised society.

After the Langa shootings *whites* stocked up with guns and ammunitinn. But violence has remained mainly limited to the townships. Unemployment, high taxes, inflation and new conscription laws affecting white immigrant youths—not fear of black revenge—are the reasons whites give for thinking of emigration or leaving the area.

But it would be foolhardy for whites to enter the black townships unless accompanied by a known and respected black community leader. Even they confess to growing concern about their ability to contain and control tbe biterness inside the largely unpaved and unlit shanty towns.

The credentials of my guides were impeccable—20 years on Robben Island for conspiracy and membersbip of the Pan African Congress. Everywbere we went suspicious and bostile glances changed to broad smiles and "black power" salutes—even from barefoot children as young as three or four.

My guide kept up a constant commentary as we drove through the townships:

"What we looked for after Langa was a clear sign of contrition from the whites, an apology from President Botha. It did not bappen. Instead they continue to sboot us.

"At first we hoped the army would be better than the police. But they go around at night and beat up our people and steal their liquor just the same. We are tired of funerals. We are still burying four or five people every week from the violence.

"We don't want to hate the Whites. We want to talk. We're suffered too mnch. But they bave to talk to our real leaders and that *means releasing* them from prison first.

"If they don't we old men will no longer be able to control the young. God knows wbere it will end."

The Long View

The profitable art of playing percentages

Barry Riley on the Law of Commissions, which postulates that a little can go a very long way when the amounts involved are big enough; and never, ever should businesses charge a flat fee for work that's actually done.

WHEN turmoil threatens important sections of the financial services industry—as it does et present, the Stock Exchange and life assurance marketing—it is vital to remember the Law of Commissions. Those wbo break or ignore it are normally doomed to extinction, or at any rate to the breadline.

The Law states that success in financial services businesses is achieved most readily when those operations are structured so that charges take the form of a small percentage commission on large sums of money.

It further lays down thet wberever it is thought necessary to charge higb rates on small sums, this must be disguised in one way or another. At all costs, such businesses must avoid charging a flat fee for work actually done.

The theory behind the Law is simply that clients must have their attention distracted from the absolute size of a fee—in case they might idly calculate, for instance, that it represented £250 per man-hour—and must be encouraged to view it aa a small proportion of a mucb larger wbole. There is in any event an upper limit: Mister 10 Per Cent can just about earn e living, but Mister 30 Per Cent is a non-starter. And, clearly, the smaller the percentage, the better.

Consider, for instance, all those money market firms which prosper on commissions such as 1/64th per cent. It might not sound very much, but 1/64th per cent of $10m is something over $1,500 which is not at all bad for a simple routine transaction.

At the other end of the scale, the fine art auctioneers came up against the 10 per cent barrier a few years ago. To go further would have risked serious resistance from clients, and perhaps the growth of dangerous cut-rate competition for the likes of Christie's and Sotheby'a. The ingenious solution was to add a buyer's premium to the selling commission, thus complying with the second provision of the Law.

As for the Stock Exchange, the marginal commission rate on a £1m gilt-edged deal is 0.1125 par cent, althougb because of a graduated rates structure a bargain of that size would cost nearer £1,400 than £1,125. Institutional investors accepted these commission rates for years (indeed, they used to be considerably higher) hut the protests have grown.

Some awkward customers began asking wby *commissions* of several thousand pounds were required for routine bargains involving a few telephone calls and a bit of paper shuffling. After all, the broker's costs are little, if at all, higher for a big transaction than they are for a small one.

The Stock Exchange can argue that a percentage commission scale provides an effective cross-subsidy for the small investor. But quite apart from the question of wbether the private client ought to be cushioned in this way, the more tangible result in practice has been to draw nearly all the cleverest and most ambitious stock market practitioners into the institutional client sector, because that is where tha big profits are to be made.

Mnch the same phenomenon is to be observed in the bousing market, where estate agents and solicitors commonly charge on the basis of a percentage scale. Again, *it* is not obvious that the work done in selling or conveyancing an expensive bouse is significantly more than in the case of a small, cheap one. But these firms are diligently complying with the Law.

There is scope for paying lip-service to the needs of first-time buyers. But the real point of the percentage scale system is that it enables such service firms to segment their market, and charge higher fees to their richer clients who are more willing to pay. What is a percentage point or two to people who have made a big profit?

Perhaps there is some merit, from the client's point of view, in giving the estate agent an incentive to gain a higher price. And you can argue that, allowing for the element of cross-subsidisation, it mostly comes out in the wash. But there are instances where the percentage system actually seems designed to act against the client's interest.

Closer to everyday life, there is the anomaly of insurance broking. If the broker does a good job for his client by finding cover at a lower premium, be gets less commission for his pains. Putting it the other way, he would get paid more for doing a bad job.

True, he is also boping to build goodwill, which will generate repeat business over the years. And, anyway, insurance brokers are supposed to follow a code of conduct that overrides the crude financial incentive. But how much more straightforward the relationship would be if the client paid a direct fee.

To accept a fee would, of course, be to break the Law of Commissions. Insurance brokers comply in this respect, but not so vigorously in another, because the commissions are often very large. This applies especially to life assurance where, on some kinds of long-term savings contracts and pension plans, the commission can run to 80 per cent of the first year's premium.

Until now, insurance brokers have got around this problem by the simple expedient of not telling their clients (though they are supposed to if the client asks, which he hardly ever does). But government legislation on investor protection, promised for the autumn, poses the eventual threat of compulsory disclosure. This, the life assurance industry is convinced, would be highly damaging to sales.

The course of action indicated by the Law would be to devise a way of charging a lower percentage commission on a larger sum. Accordingly, one solution being discussed is that the industry should scrap the system of heavy front-end loading and charge, say, 10 per cent a year for 10 years.

Naturally, insurance brokers are not exactly full of enthusiasm at such a deferral of their cash flow. They would much rather fight to avoid disclosure in the first place. Bnt this would be a risky course, for eventually the Law will catch up with them.

• CONTENTS •

· MARKETS ·

Merger of oil rivals will boost financial muscle

THE RECENT burst of take-over actvity in the oil sector has largely been confined to fairly small deals but this week an agreed £188m merger between Saxon Oil and Charterhouse Petroleum, two fairly young North Sea oil rivals, will create one of the largest independent groups in the UK with interests in 71 North Sea blocks.

The announcement surprised the market although the companies fit together so well that many of the analysts attending the joint presentation on Thursday evening must be kicking themselves for not putting up the idea before.

There is hardly any overlap of oil acreage and the exploration and development projects mesh well. Tax considerations obviously feature and here too Saxon and Charterhouse are an almost perfect fit. Saxon's development costs set against Charterhouse's production should mean little in the way of tax bills for at least the rest of this decade. Also Charterhouse's strong cash flow should easily support Saxon's development expenditure. Shareholders in the latter must have been onderwing if a rights issue was on the way to fund the development of the Miller field.

Yet the reasons for merging go deeper than the neat fit. To succeed in the UK oil scene companies need to gain size. Drilling in the less hospitable parts of the North Sea is getting costlier and riskier. It needs financial muscle on the scale of the new look Saxon Petroleum (the Charterhouse name disappears) to tackle new developments with confidence and to spread the risk beyond this country's immediate waters by pushing into overseas fields.

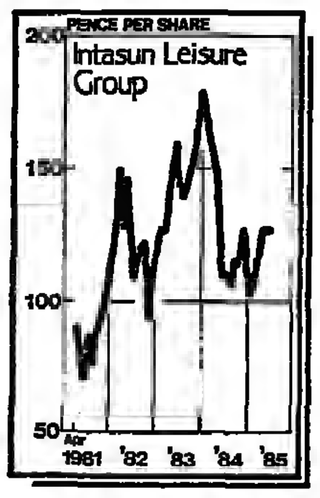
There will be more deals to come from the oil sector as the smaller groups realign and indeed it would not be surprising to see Saxon looking for further takeovers in three to six months time, once the two groups have bedded-in together.

The market took quite a knock mid-week but rather than the bad case of pneumonia that some of the pessimists had predicted, the setback proved no more than a bout of hay-fever. On Tuesday the All-Share Index fell by over 1 per cent to under 600 on the back of some dreadful money supply figures suggesting that rampant inflation might be lurking around the corner.

The figures should be treated with a fair degree of caution but foreign exchange dealers seemed in no mood to hesitate and there was a rush into sterling which left it standing at its highest level for two years against the D-mark.

Yet despite the strength of the pound it appeared that the authorities were determined to hold interest rates until a clearer picture could be established as to what exactly was happening on the monetary front. High interest rates and a strong pound are not good news for corporate profitability and understandably analysts were taking a cautious line on some of their earlier profit projections.

However on Thursday the Bank of England flagged lower rates and the All-Share picked up to 597.79 as the market anticipated half point cuts by the clearers yesterday morning. The bankers kept the brokers waiting and the week ended in uncertainty as the market slipped away.



The business of supplying electronic information is becoming increasingly competitive and it is clear that you have to be a heavyweight if you still want to play the game in the 1990s. So Exco, the financial services operation, has decided to opt out while it is still ahead and take a very fat profit on its stake in Telerate, the U.S.-based information group.

London

Exco is selling its entire 52 per cent holding to Dow Jones and a private U.S. company, Oklahoma Publishing, for £346m. After a small (relatively) cheque to the tax man for capital gains Exco has banked £320m.

Yet far from saluting the transaction as a highly profitable coup, the stock market has got decidedly nervous, which, in part, seems a little perverse. In the past analysts have fretted over the group's high gearing and now that it has liquid resources of around £360m they have become uneasy because they do not know how John Gunn will spend it.

But while Telerate may be a step beyond Exco's core business of financial services it did add a touch of glamour that other divisions, such as money and stock broking, lack. If the group's cash balances are offset against its market capitalisation then the group is now valued on a prospective p/e of little more than 8.

Viewed from the angle Exco could be takeover target but that cash is unlikely to sit in the bank rolling up interest for very long. John Gunn has the resources to make a significant strategic move. But which way will he jump?

Perhaps be will revive his interest in owning a U.S. stockbroker. The last attempt to get a foothold on Wall Street was aborted but that does not mean Exco could not try a different partner and a U.S. house would round off the group.

There are also some thoughts that it could get closer to British & Commonwealth Shipping which has a stake in Exco and Telerate and would give Exco some banking exposure. B & C would, at least, come on a realistic earnings multiple which is more than can be said for some of the stockbroking firms that other financial service groups have purchased.

When a company such as Intasun can make as much exceptional profit from the sale of two aircraft as it can from a whole year's normal trading activities, reported profits are always worth a second glance.

The package tour operator, run by the ebullient Harry Goodman, reported pre-tax profits of £24.8m against £16.53m. But if aircraft sales and profits on the sale of listed investments are stripped free, the underlying profit last year drops to £11.76m—a fall of 30 per cent.

The company has actually performed better than many of its competitors, as Mr Goodman is quick to point out, and there is no stopping the optimism. While tour operators are expected to see a decline of 12 to 15 per cent this year, Intasun is forecasting a rise in passenger traffic of 3 to 5 per cent.

The increase, however, will not translate into much better profits. Mr Goodman is predicting profits similar to the year just reported which suggests an underlying decline to £10m or so after adjusting for £15m on three further aircraft sales.

But the growth will resume in 1986-87 if some of the analysts are reading their projections correctly. Forecasts are already in the market for £17.5m pre-tax, though clearly it would not take much to ground such expectations.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
F.T. Ordinary Index	926.0	−29.7	1,024.5	923.1	Sterling undermines exports prospects
Assoc. British Ports	290	+22	295	180	Joint venture with Rosehaugh
Charterhouse Petroleum	80	− 8	112	50	Merger with Saxon Oil
Christies Intl.	215	−40	321½	212	Adverse press comment
Clay (Richard)	144	+45	144	93	Bid from McCorquodale
Garanada	148	−22	201	148	Disappointing interim statement
ICI	699	−48	880	697	Sterling/dollar considerations
Imperial Group	164	−22	218	162	*Int. results/lack of HoJo sale news*
Lucas Inds.	288	−27	340	246	Persistent profit-taking
Pentland Inds.	745	−65	£10¾	295	Persistent profit-taking
Pericom	58	−22	163	55	First-half deficit
RMC	368	+18	404	344	Call for roads, building repairs
Rank Organisation	353	+28	372	286	*Better-than-expected int. results*
Reuters B	293	−23	398	290	Telerate competition fears
Rothmans Intl.	130	−36	200	130	Annual profits well below estimates
Saxon Oil	350	+45	500	305	Merger with Charterhouse Petroleum
Shell Transport	675	−25	795	645	Inconclusive OPEC meeting
Siebe	575	−37	633	495	*£75m rights to fund acquisition*
Smith Bros.	139	+15	140	92	Stake build-up speculation
Tarmac	320	+22	322	278	Possible sale of Plascom sub.

The great shake-out that wasn't

THE GREAT shake-out predicted by USM sages to occur in the fashionable marketing sector as soon as the USM went into reverse has not happened.

As one would expect, these glamour stocks have fallen by more than the market because they have little yield to protect them. They have also been bit by a string of unfortunate incidents that have given one or *two of the individual companies* a beating. But this does not add up to a major retreat, and parallels with the ill-fated electronics sector are not apt.

"I hate it when people compare this sector to computers, as the market is quite different," complains Neil Blackley, marketing analyst at James Capel. "The ratings have come back a long way. The sector got overheated short-term, but has now fallen too far."

The USM's marketing companies are a disparate bunch, taking in everything from design to PR. But within the group there is a homogenous sub-sector of companies engaged in the super-growth business of sales promotion.

The USM has been a magnet for these companies; and with the latest arrival of FKB this week, three out of the four largest sales promotion firms in the UK are now quoted on the market.

USM analysts, who needed to have the ins and outs of sales promotion carefully explained to them when KLP came to the USM two years ago, listened to FKB's explanation this week of what it does with knowing and approving nods.

For the uninitiated, sales promotion covers everything that encourages people to make a purchase, *save advertising itself*. If that sounds vague, it is because the range of activities included under the sales promotion umbrella is so broad.

The sales promotion market is estimated to be larger than the *advertising market itself*. According to the Institute of Sales Promotion, £5bn was spent in the UK last year, and of that only £300m was passed through specialised agencies. Not only is the total market growing, the *share of the agencies is rising* as companies are doing less and less of the work in-house.

Given the growth prospects, the high ratings applied to the USM's sales promotion companies appear well deserved. A price earnings multiple of 25 attached to FKB—the highest multiple for a newcomer since the new issue market started to look sick a couple of months ago—has so far been received without murmur in the City; and, failing a sharp fall in the market, the shares are expected to open at a premium when dealings begin next week.

Unlisted Securities Market

This confidence partly reflects the fact that the multiple is historic, calculated on last year's profits which, at £859,000, compare to only £40,000 two years ago. On the assumption that the growth rate slows to about 50 per cent this year, the prospective multiple would fall comfortably back into the teens.

The price seems to be in line with the two comparable sales promotion companies on the USM—KLP and Holmes and Marchant, both of which are now on historic ratings of about 25 after having seen their prices drop back in the past month.

Holmes and Marchant, which joined the USM two months ago, has a greater emphasis on design than the other two companies. Issued at 300p, its shares soared to 440p in an early burst of enthusiasm, since *when they have fallen to about* 340p as the whole market has run out of steam.

Much more dramatic has been the fall in the price of KLP. Last month, the company produced interim results scarcely changed from the previous year; and announced that it was being taken to court by Asda, one of its most important clients. The standstill in profits reflected the one-off cost of aggressive expansion, and the company is adamant that Asda will not win the case. Nevertheless, the market was sufficiently unnerved to wipe out more than £3m of the company's value in a single session.

Often left *off* the list of the USM's trendy sales promotion companies is Promotions House. Despite the fact that this company has a strong profit record, its rating is about half that of the others.

The problem has largely been one of image, stemming from an involvement in property to which investors, thinking they were putting their money in a marketing company, have not taken kindly. In 1983, Promotions House bought Berkley and Hay Hill Investments for shares, expanding the company's equity base by some 80 per cent, and involving a massive dilution of earnings. When the stake was sold shortly afterwards at a profit, and only a small fraction of it reinvested in property, the new investors found they did not have a stake in a property company at all, and have been taking the advantage of any strength in the share price since then to sell their holdings.

Lucy Kellaway

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Applied Botanics	1⅞§	1½	4½	0.86	REA Hldgs
Bell (Arthur)	225	230	192	297.36	Guinness
Capital & Cnties	225*	215	185	121.39	Transatlantic Ins
Carr (John)	94⅞§	90	88	64.03	Rugby Prtld Cmnt
Cartwright R.	179§§	163	163	12.01	Newman Tonks
Clay (Richard)	136½	144	99	12.25	McCorquodale
Cole Group	200	218	184	6.00	Hartons Group
Debenhams	332§ §§	337	327	465.44	Burton Group
Gill & Duffs¶	164§§	160	190	108.42	Dalgety
IDC Group	238§§	275	186	19.15	Hall (Matthew)
Mebon	125*	120	74‡‡	6.76	BP
MFI	251	250	258	494.45	Assoc Dairies
Nottingham Man	267	258	233††	207.92	Vantona Viyella
Petrolex	86½§§	76	81	13.51	Aran Energy
Planet Group¶	109½	104	88††	10.96	Heywd Williams
Regentcrest	27½*	27½	26	4.24	Messrs R. & D. Richardson
Resource Tech	52½*	52	40	6.94	Inspectrate Int SA
Selincourt¶	27½	25¾	28½	14.24	Stormgard
Solicitors Law	35*	36	41	4.03	Pergamon
Synterials	7½	7½	8	14.01	BBA Group
Times Veneer	20*§	34	49	1.41	CDI Hldgs
Towngrade Secs	31½*§	38	37	1.67	Milbank Dev
United Wire	208§§	220	193	16.90	Scapa
Yorkgreen¶	15½	13	10	1.70	Talbex Group
York Trailer	45*	41	32	4.96	Utd Parcels

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on July 12 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Batleys of York	Apr	2,000	(1,690)	10.8	(10.0)	2.63	(2.5)
Bridgend Proc	Dec	168L	(76)L	—	(—)	—	(—)
Bulgin, A. F.	Jan	188	(43)	0.4	(—)	1.35	(1.35)
Bulmer, H. P.	Mar	7,520	(16,090)	—	(—)	4.9	(4.9)
Carclo Eng	Mar	3,590	(2,893)	33.8	(24.6)	12.0	(8.6)
Evans of Leeds	Mar	4,450	(4,300)	8.5	(7.1)	3.38	(3.0)
Heron Intl	Mar	32,500	(25,800)	—	(—)	—	(—)
Hicking Pentecost	Mar	380L	(26)	—	(—)	—	(—)
Intasun	Mar	24,840	(16,530)	35.8	(22.7)	4.8	(4.4)
Jcksn Bourne End	Mar	435	(408)	16.2	(9.9)	6.0	(5.0)
Jones Stroud	Mar	3,520	(3,356)	21.8	(20.8)	7.0	(6.5)
Kelvin Watson, R.	Mar	453	(578)	—	(—)	—	(—)
Leopold Joseph	Mar	505	(513)	—	(—)	11.25	(11.25)
Lloyd, F. H.	Mar	1,420	(979)	3.2	(3.6)	2.5	(1.25)
Magnet & South	Mar	28,190	(32,130)	10.2	(14.1)	4.7	(4.7)
Meadow Farm Prd	Mar	1,510	(621)	—	(—)	6.4	(—)
Memcom	Apr	1,110	(1,220)	15.0	(15.6)	3.5	(3.5)
Monk, A.	Feb	1,640	(3,130)	—	(—)	6.5	(6.5)
Oceonics	Mar	3,020	(3,230)	5.4	(7.6)	0.75	(0.75)
Rothmans Intl	Mar	121,900	(151,900)	—	(—)	6.5	(6.0)
Siebe	Apr	17,130	(11,310)	43.9	(34.5)	11.8	(9.45)
Stirling Grp	Mar	1,760	(1,500)	8.2	(7.9)	1.05	(0.72)
Thorn EMI	Mar	105,300	(156,800)	—	(—)	17.5	(17.5)
United Lease	Mar	5,290	(3,700)	32.9	(22.3)	3.6	(2.8)
Vinten	Mar	2,490	(4,160)	7.3	(13.9)	3.15	(2.8)
Wight Collins	Apr	1,480	(956)	11.7	(9.8)	2.76	(2.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Assoc Newspapers	Mar	16,400	(8,700)	5.5	(4.5)
Birmid Qualcast	May	3,680	(4,790)	0.75	(0.66)
Dly Mail & Gn Tst	Mar	5,390	(3,510)	15.5	(12.0)
Eurotherm Intl	Apr	3,490	(2,407)	1.5	(1.25)
First Leisure	Apr	1,330	(1,260)	2.5	(2.0)
Goring Kerr	Mar	1,250	(943)	3.5	(2.75)
Granada Grp	Apr	30,000	(24,000)	2.53	(2.3)
Hunterprint	Mar	1,230	(919)	1.5	(1.33)
Imperial Grp	Apr	96,300	(90,700)	3.0	(3.0)
Kennedy Brookes	Apr	1,680	(860)	0.76	(0.53)
Kershaw, A.	May	1,320	(1,350)	4.0	(4.0)
McMullen & Co	Mar	1,290	(92)	1.26	(—)
Pericom	Mar	55L	(585)	—	(—)
Rank Org	May	62,300	(47,800)	5.5	(4.8)
Securigard	Apr	554	(398)	—	(—)
SGB Group	Mar	4,090	(3,470)	2.3	(2.3)
South Bus Lease	Mar	851	(710)	1.0	(0.75)
Vantona Viyella	May	8,050	(6,780)	4.0	(4.0)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. L Loss.

RIGHTS ISSUES

Applied Holographics—To raise £2m through a one for three rights issue at 90p.

Hicking Pentecost—To raise £1.75m through a three for two rights issue at 50p.

Siebe—To raise £75m through a one for one rights issue at 400p.

SCRIP ISSUE

Batleys of Yorkshire—One for four.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

FKB Group—USM placing of 1.8m shares at 140p.

Sunderland and South Shields Water Company—Offer for sale of 11.8 per cent 1995-97 debenture stock.

United Trust Credit—Offer for subscription of 987,500 shares at 300p.

West Hampshire Water Company—To raise £1.5m through an offer for sale of 11.8 per cent 1995-97 debenture stock.

York Waterworks—To raise *£3m through* an offer *for sale* of 11.8 per cent 1995-97 debenture stock.

A spirited year for Distillers

THE Guinness bid for Arthur Bell has put enough spirit into the whisky sector to enliven even sleepy Distillers. Perhaps the City thinks that Distillers too might be spurred into action, or perhaps it might itself become a takeover target.

On Thursday the company is expected to report its biggest profit increase for several years—up from £191.6m to about £230m pre-tax for the year to March. But much of this increase will be accounted for by translation gains and the acquisition last May of Somerset Importers in the U.S.

The group is unlikely to be very positive about the pattern of demand for whisky—while sales in the UK may have held up, and may have increased in the U.S., there has been a sharp drop elsewhere, for example, Venezuela.

Distillers announced plans in January to close one-third of its 34 malt distilleries—but the cost not less than £100m. The City is expecting to see a marginally savings are not expected to come through until 1986.

LONRHO has never been one of the market's favourites. Grabbing the headlines with threats of legal action has tended to make the institutions fear that not enough time is spent on the core businesses. However, the unwinding of the eight year long seige of the House of Fraser ought to be reassuring in this regard.

The international trader is expected to produce £85m for its interims due on Thursday. As much as £10m of this could come from the House of Fraser but the underlying rise from £53m last time to £75m should be good enough to convince the doubters.

The contribution from the UK and the U.S. is expected to have risen further (it was 43 *per cent of profits last time*). The gold price has strengthened marginally but the poor position of the rand will not help mining results. However, VAG (the UK Volkswagen distributor) has done well and the first time contribution from the International Sporting Club should also help.

During the final stages of the bid for Initial, BET said that its profits this year would be higher figure of about £102m *when the results are released* on Thursday.

Part of the improvement over last year's £86m will come from a fifteen month contribution from some of its subsidiaries, which have changed their year end to March. This could boost profits by about £6m.

The underlying growth in profits is expected to have been strong, and the benefits from the restructuring of the group over the last couple of years at last beginning to show through.

By far the largest increase should come from publishing which could make about £20m, more than three times the 1984 contribution. Most of this increase should result from decent acquisitions in the U.S., whose profits will be enhanced further by translation into sterling.

Results due next week

Profits from leisure are likely to be down after a bad first half, while profits from the electronics division may be halved, following the sale of the company's rental interests.

Distinctly bullish noises continue to emanate from observers of DIXONS, whose results for the year to April are due on Wednesday. This time the figures will be given an extra boost by a five-month contribution from Currys, acquired in early December.

Currys applied concervative accounting practices to its substantial hire purchase business and the question of how Dixons will treat the deferred profit provisions introduces an element of uncertainty over the Curry's contribution. Forecasts vary from £6.5m to £8.5m after the costs of financing the acquisition.

On Dixons' mainstream retailing earnings, however, there is less doubt. A combination of strong growth in sales volume with a consequent increase in net margins and a 14 per cent expansion of floorspace is expected to produce profits of £22m to £23m against £14.8m last time. The film processing division will be well ahead following the digestion of the Colortrend laboratories in late 1983 — around £1.3m is expected against £0.4m last time — and the property, distribution and overseas divisions are all expected to be strongly ahead.

The range of forecasts for the overall figure is £37m to £39.5m against £20.6m last time, and the *result is likely* to be *at* the top end.

CHARTERED CONSOLIDATED'S full-year results, due on Wednesday, are likely to be bad. First-half profits slumped from £22m the time before to £7.7m and the best that can be hoped for the second half performance is that it will not have been quite so bad.

Among the group's industrial interests, Anderson Strathclyde and Perard Torque Tension are both heavily dependent on the National Coal Board for business and have been badly hit by the coal strike, and Cape Industries has made heavy losses in its *insulation division* which has now been sold.

On the mining side, Alexander Shand has had difficulties in its civil engineering division in the second half and Beralt Tin and Wolfram has been hit by falling tungsten prices.

The only significant bright spot appears to be the healthy performance of Pandrol, which makes railway track fasteners, but this is unlikely to prevent profits falling to £16m from £37m the year before.

The 130,000 or so new shareholders in ABBEY LIFE should find few surprises in the company's interim statement for 1985, due on Thursday, given that the prospects were clearly spelt out in the prospectus.

Lucy Kellaway
Terry Povey
Richard Tomkins
Stefan Wagstyl

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Anderson Strathclyde	Wednesday	—	—	—
Atlantic Assets Trust	Thursday	—	0.5	—
Barrisfords Group	Thursday	1.2	4.0	1.55
Bevan, D. F. (Holdings)	Tuesday	0.25	0.75	0.25
Biotechnology Investments	Tuesday†	—	10.0	—
Black Arrow	Friday	1.25	2.25	—
Bristol Evening Post	Friday	4.0	12.5	—
British Bloodstock Agency	Thursday	—	—	2.5
Bromsgrove Industries	Friday	0.25	0.66667	0.3
Brunning Group	Tuesday	1.925	2.8	2.1
Charter Consolidated	Wednesday	3.75	7.25	3.75
Christie-Tyler	Wednesday	—	1.5	1.0
Cowan, de Groot	Friday	1.0	1.0	1.0
Crown House	Wednesday	2.5	3.9	2.75
Davy Corporation	Thursday	1.1	2.585	1.1
Distillers	Thursday	4.5	8.15	—
Dixons Group	Wednesday	1.5	3.4	1.92
Ellis and Everard	Monday	2.27273	3.63636	2.5
Fleming Technology Investment Trust	Wednesday	0.8	1.4	—
Graig Shipping	Wednesday	2.5	7.5	—
Harris, Philip (Holdings)	Thursday	2.0	5.25	8.0
Haslemere Estates	Thursday	2.09	6.61	2.3
HAT Group	Tuesday	1.65	1.65	1.8
Howden Group	Tuesday	0.8	2.0	0.9
Independent Investment Company	Thursday	—	0.5	—
Kitchen, Robert, Taylor	Tuesday	3.0	8.0	—
London and Assocd. Invest. Trust	Friday	—	—	—
Lovell, G. F.	Thursday	—	3.0	—
Marling Industries	Friday	0.52	0.78	0.6
May and Hassell	Monday	1.20003	2.55006	1.5
MayFair and City Properties	Wednesday	—	—	1.0
Moorgate *Investment Trust*	*Wednesday*	3.25	6.75	4.0
Multitone Electronics	Tuesday	1.05	1.6	1.1
Normans Group	Tuesday	0.8	0.75	0.2
Parkfield Group	Friday	—	0.6	—
Park Food Group	Monday	1.0	2.0	1.2
Ransom, William	Wednesday	1.5	5.0	1.65
Ratners	Monday	0.67	1.63	0.67
Robertson Research	Thursday	—	1.2	—
Sekers International	Monday	0.25	1.0	0.6
Stoddard Holdings	Thursday	—	—	—
Stroud Riley Drummond	Tuesday	0.75	1.5	0.75
Syltone	Thursday	3.6	5.4	—
Tops Estates	Thursday	—	—	—
Triplex	Monday	—	0.5	—
Unigroup	Tuesday	—	0.2	—
INTERIM DIVIDENDS				
Abbey Life	Thursday	—	—	
Alexander Holdings	Tuesday	—	—	
Automated Securities	Thursday	0.48	0.76	
Cardiff Property Company	Wednesday	0.8	1.15	
Channel Islands and Intl. Invest. Trust	Thursday	—	50.0	
Commercial Bank of Wales	Friday	—	2.125	
Denmans Electrical	Monday	—	—	
Dew, George	Monday	2.3	3.4	
Dewhirst, I. J. Holdings	Thursday	0.24167	0.675	
Domino *Printing Sciences*	*Tuesday*	—	—	
Electronic Machine	Friday	—	0.7	
Evode Group	Monday	0.81834	1.9872	
Glasgow Stockholders Trust	Friday	0.75	1.3	
Kellock Trust	Tuesday	—	0.5	
Lonrho	Thursday	3.5	6.5	
Spetex Television Holdings	Tuesday			
Trust of Property Shares	Tuesday			
Union Discount Company of London	Wednesday	11.0		
Ventage Securities	Thursday	0.35	1.05	
Yeoman Investment Trust	Thursday	3.0	5.5	

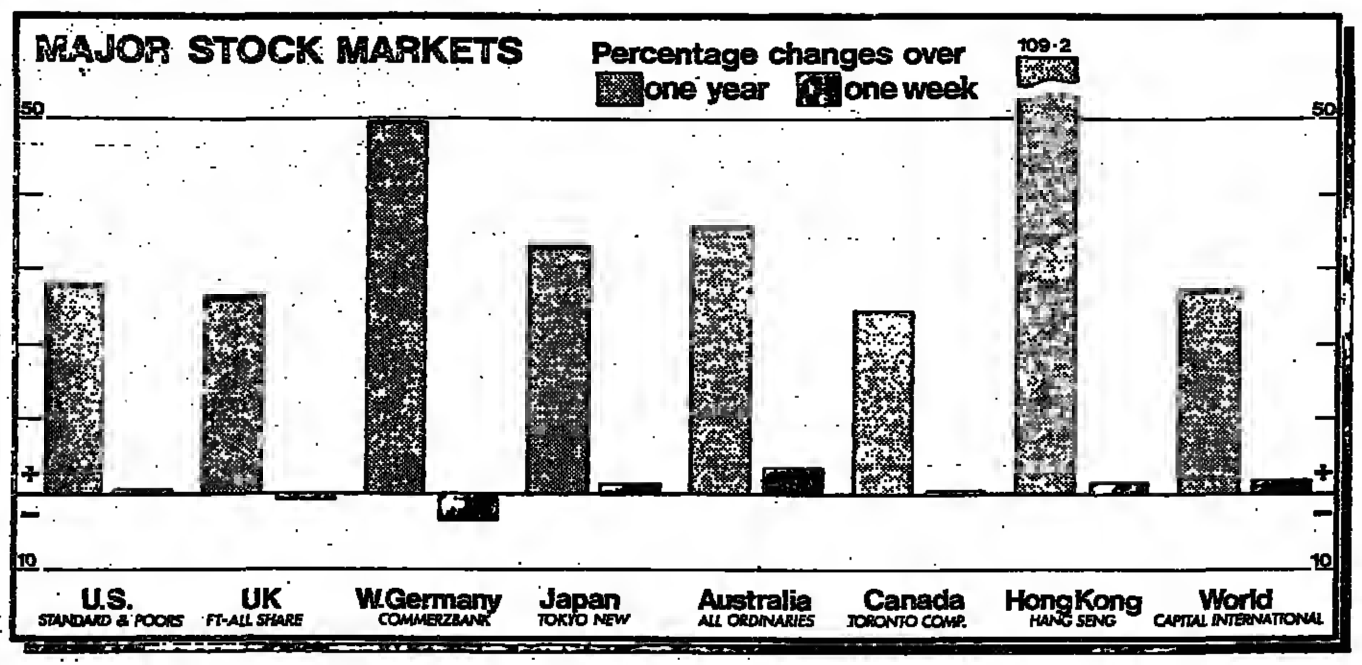
* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	7.00	7.12	5.59	4.07	half yearly	1	—	0.7
High interest cheque	9.00	9.31	7.32	5.32	quarterly	1	2,500 min.	0
3-month term	8.25	8.51	6.69	4.86	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.81	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 min.	0
90 day	10.75	11.04	8.67	6.31	half yearly	1	500 min.	90
Premium	10.60	11.03	8.67	6.30	quarterly	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-200/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.20	9.41	7.39	5.38	half yearly	1	2,500 min.	7
Schroder Wagg	9.12	9.51	7.47	5.43	monthly	1	2,500 min.	0
Provincial Trust	9.34	9.75	7.66	5.57	monthly	1	1,000 min.	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	11.13	7.95	6.35	4.76	half yearly	4	—	0
11% Exchequer 1990	11.11	7.87	6.24	4.62	half yearly	4	—	0
10.25% Exchequer 1995	10.91	7.76	6.18	4.61	half yearly	4	—	0
3% Treasury 1987	8.46	7.50	7.02	6.54	half yearly	4	—	0
3% Treasury 1989	9.27	8.16	7.61	7.06	half yearly	4	—	0
Index-linked 1988¶	9.73	9.11	8.80	8.49	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

• MARKETS •



Brazil

Confidence grows as boom goes on

TRADITIONALLY dismissed as a paradise only for the speculators, the Rio de Janciro and Sao Paulo stock exchanges are beginning to come into their own as legitimate investment channels for individuals and institutions alike.

Accompanying their increasing confidence and stability has heen a meteoric, unbroken rise in the combined markets since 1982, making Brazil hy many measures the best performer in the world.

In 1983, the São Paulo market—by far the larger of the two—showed a real gain in U.S. dollar terms of 120 per cent. Last year, the pace speeded up as the Bovespa index in Sao Paulo leapt by 442 per cent—double the rate of inflation.

And, despite a slow start in the first four months of tbis year, resulting from the uncertainties created hy the change of regime in March and the subseqnent prolonged illness and death of President-elect Tancredo Neves, the upward movement has continued.

In the first half, the Bovespa index was up by 117 per cent while the IBV index in Rio rose by 92 per cent. Inflation over the same period was 74 per cent.

Despite the gains of recent years, the stocks of major Brazilian companies remain remarkably cheap, especially wben translated into hard currency terms. In theory, one could last year have bought all the the sbarea of Banco do Brasil (with assets of $55bn, the 29th largest bank in the world) for $1.3bn. The entire capital stock of Petrobras, the tenth largest non-U.S. corporation, could hy the same token bave been snapped up for $2.4bn.

Although more than 1,100 companies are theoretically listed on the two stock exchanges, according to Brazil Capital Services, in practice only about 490 of them can genuinely be said to be publicly held. And, of those shares, only about balf are traded on the exchanges on a typical day.

BCS, a largely Britisb financial services company, estimates that about 60 per cent of the capital stock of publicly quoted companies remains in the hands of the founding families or groups. Of the rest, some 30 per cent is held by the public and the balance hy institutional investors.

Tbe total market capitalisation of publicly traded companies was put in 1983 at about $25bn, small by comparison with most Western countries hut still a healthy—and growing—percentage of Brazil's Gross Domestic Product.

Investors argue that the nnderlying reason for the strength of the Brazilian stock market over the past 3½ years has been the growing realisation by the public that it is the best link they have with the "real" economy, as opposed to the topsy-turvy world of the financial markets. The only other cboices are property and the black market dollar.

Certainly, the performance of individual sectors and sharea would appear to hear out this view. Bank shares did exceptionally well in 1982 and 1983 at a time wben the sector's profitability stood out in glaring contrast with recession-hit industry. These have now lost much of their lustre, although the majority state-owned Banco do Brasil was ahle to pull off quite a coup last year by raising more than $100m through a ahare issue to the public handled by its own hranch network.

In contrast, the glamonr shares tbese days are in the hooming areas of mining, steel and exporting in general, along with a few high-tech fliers. Companhia Vale do Rio Doce (CVRD), the exceptionally well managed mining giant, in which the state retains a tenuous 51 per cent controlling holding, is a firm investors' favourite. Caemi, Sr Augusto Antunes' successful mining group, and Paranapanema, the leading tin mining concern, have also been showing spectacular gains among the wholly private companies.

What restored the stock market's confidence earlier this year after its bad patch, and set it surging ahead again (the Bovespa index was up by 42.5 per cent in May and a further 52 per cent last month), was — as usual in Brazil — Government action. Signalling that it wishes to strengthen the capital markets, the four-month-old civilian Government confirmed that sight transactions will remain free of any capital gains tax. Then, it opened the way last month for greater involvement by institutions such as insurance companies.

The cynics' view is that behind this boost lies the Government's intention to privatise — partly through the stock market — a significant number of prosperous enterprises now in state hands. No details have been revealed yet of the sell-off but, during the announcement last week of a major package of public spending cuts, the Government revealed that a total of 77 companies would either be closed down, merged or sold off.

But the present overriding priority for the Sarney Government is the need to bring inflation, now running at an annual rate of 220 per cent and declining gently, firmly under control. And this is having a mixed, confusing effect on the stock market.

The tight monetary policy in force is keeping real interest rates very high — in the 28 to 30 per cent-a-year range, in real terms, for working capital loans.

Andrew Whitley

New York

All eyes on dollar

THE PERFORMANCE of the dollar was the key to U.S. share prices this week as the second-qnarter corporate reporting season got under way. Despite some very dismal news from several household names, share prices moved ahead for much of the week.

It started with all eyes on the mid-week meeting of the Federal Open Market Committee, which sets U.S. monetary policy. The previous week's poor employment figures had spurred hopes of another cut in interest rates, which had triggered yet another sharp jump in bond prices.

The meeting came and went; and although the markets are not ruling out the possibility that the Federal Reserve will be forced to ease its monetary grip to boost the flagging economy at some stage, attention has been switched to the sharp slide in the dollar.

Analysts have been saying for years that the dollar is overvalued hut it has remained stubbornly strong and taken a desperate toll on the weaker members of the U.S. manufacturing community. Even the mighty General Electric, one of the best-managed industrial giants, felt duty bound to draw its shareholdera' attention to the problems of a strong dollar, and the country's record $130bn trade deficit, when it reported a mere 2 per cent rise in its second-quarter earnings this week.

Over the past few weeks, however, the dollar has been beading downhill. It slipped below the DM 3 level at the start of the week and by yesterday morning was trading at DM 2.88. It is still higher than it was a year ago, but it is well down from the DM 3.40 level touched in the spring.

The change in the dolar's fortunes bas communicated itself to Wall Street and overshadowed the nervousness in the U.S. credit markets about the Fed'a interest rate intentions. Tbe weekly money supply figures continue to be worse than expected and, given that M1 rose at a staggering annual rate of 19.6 per cent in June, many analysts helieve the Fed is underpressure not to ease its monetary grip if it wants to maintaio its credibility. The slide in the dollar sbould help tbe economy as much as another cut in the discount rate, is how the argument goes at present.

Against this rather confusing background, share prices headed lower for tbe first two days of the week. By mid-week they bad turned, however, and by Thursday evening the Dow Jones Indnstrial Average had tiptoed through its previous July - peak and finished the day at a record 1337.70. The hroader-hased indices, such as the New York Stock Exchange (NYSE) Composite Index, also moved into new high ground.

The NASDAQ index, which tracks 3,750 smaller capitalised stocks in the over-the-counter market, topped the 300 mark on Thursday for the first time in 1985, closing at 300.52. Although this index is still 29 points short of its June 1983 peak of 328.91, it has risen by 21.5 per cent so fsr this year. This is just over twice the rise in the Dow Jones Industrial Average and compares with a 15.9 per cent rise in the overall market as meaaured by the NYSE Composite Index.

The only sector which can match the overall performance of the over-the-counter market is the transport industry, which was given a fillip this week by the news that Mexico was cutting its oil price. Airli shares wer particularly stro on the prospect of still-cheap fuel prices. TWA shares, whi have been as low as $8¾ ov the past year, hit a new pe of $21½ on Thursday.

Eastern Airlines, the Miar based carrier headed by form astronaut Frank Borman, h heen one of the prime ben ficiaries of the lower oil pric A year ago, it seemed to teetering on hankruptcy; t this week it reported secon quarter earnings of $25.5m co pared with a loss of a simi magnitude last year. W Street appears confident th Eastern is well on the way recovery. Its shares, whicb h hit a low of $3¼ in 1984, we standing at $9½ on Thursd evening.

For the time being, the sto market appears to have d counted the had news on t corporate earnings front. T week has seen several of t Dow Jones Industrial Avera stocks report their second qu ter figures. Aside from Gene Electric, which increased earnings per share from $1 to $1.30, International Pap reported a 53 per cent drop its earnings per share to $0.: and United Technologies ported a 68 per cent decline its second quarter earnings $0.34 per share, which does n cover its dividend.

William H

Mining

Successful revival

THE NAME Golden Dumps might not sound as glamorous as those of some of the nther mining finance houses in South Africa, but it was at least an accurate reflection of the group's activities wben it came into being a few years ago.

Tbat is no longer the case, as Golden Dumps is operating two profitable producing gold mines, with a third waiting in tbe wings; but it is characteristic of the no-nonsense approach of the group's chairman, Lucas Pouroulis, that he has not bothered to change it.

Reviving old gold mines is no easy task, as the recent problems at Witwatersrand Nigel demonstrate, but there can be no deoying Pouroulis's success in resuscitating the moribund Consolidated Modderfontein and South Roodepoort operations.

The latest quarterly reports from these two mlnes show lower profits than in the previous three months, with Cons Modder down to R11.2m from R12m and Roodepoort registering a decline to R2.1m from R2.6m; but at least both have managed to stay in the hlack, which is more than most people expected when they were reopened.

Cons Modder can attribute its poorer showing to a steep rise in operating costs, amounting to almost 15 per cent, while Roodepoort suffered from a decline in the average grade of ore mined from 4.67 grammes per tonne to 4.31 grms.

Pouroulis was in London recently to explain that he has now turned his attention to Springs Daggafontein, whicb he will control througb Cobra Emerald Mines once that company has completed a £20m rights issue.

At this stage, it would be folly to speculate on the prospects of this former producing gold mine, but it is worth pointing out that the operation is in an area which Pouroulis knows well—he started his career in South African gold mining there—and it is contiguous to Cons Modder.

The plan is to operate the two mines as one for internal purposes, and there are obvious benefits to be gained in terms of rationalisation.

The scheme has another distinct advantage in that, unlike a straight merger, it will not attract the attention of either the Government Mining Engineer or the Minister of Finance, both of whom are becoming increasingly sensilive to possible losses of government revenue through gold mine mergers.

Turning from a comparative minnow of the South African scene to some of its more senior representatives, this week saw the publication of the quarterly reports from the mlnes in the Consolidated Gold Fields group.

This group includes the hig Driefontein Consolidated complex and Kloof, the two richest mines in South Africa, so it was unsurprising that the steep rise in operating costs across virtually the entire group caused some initial disappointment with the results.

Costs rose by an average of 10 per cent for the group as a whole. This was especially disturbing as the full impact of the recent 11 per cent pay increase awarded to white miners, and the likely level of around 20 per cent to blacks, with or without the threatened strike by the latter, will not he felt until the present quarter.

To put this into perspective, however, the bulk of the rise was, in fact, attributable to t recent wage round. A R10m p vision for holiday pay for bla workers adde some 4 per ce to costs, while the rises whites were phased in duri the period, adding a further per cent or so.

Stripping these amounts reduces the real increases group operating costs to arou a much-less-worrying 4 per cen

The other hig names in news this week were An American and De Beers Conso dated Mines, the twin pillars South Africa's largest mini group.

In his annual statement chairman of Anglo, Mr Ga Relly finally admitted def over the group's prospecti activities in Australia, wh have very little to show some 20 years of effort. The interest are now to he curtail

De Beers released first-h sale figures from its Cent Selling Organisation, wh markets over four-fifths of t world's output of rough (unc gem and industrial diamond

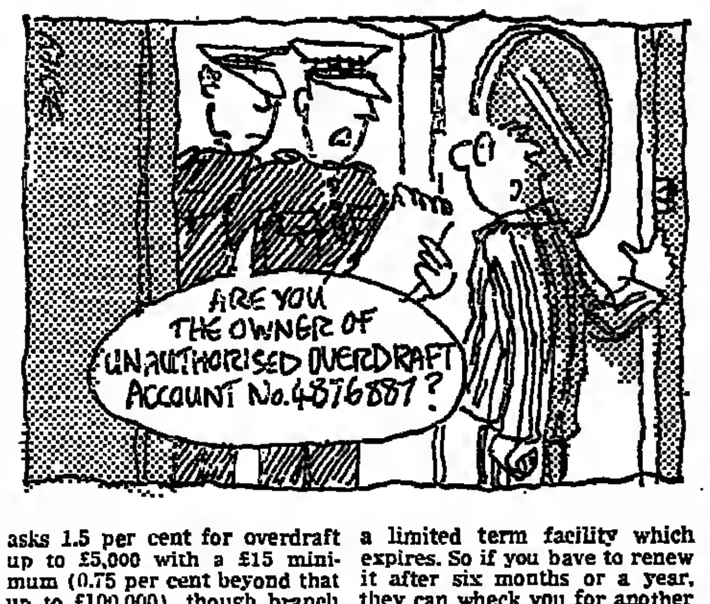
Sharp fluctuations in curren parities render interpretati even more difficult than usu but there seem to he so grounds for De Beers' co dence that the market steadler tban it has been several years.

George Milling-Stanl

• FINANCE & THE FAMILY •

Banking

Make the most of your overdraft



I NOTE from my records that our limit is due to expire and. n the circumstences, I shall be grateful if you will advise me of your requirements for the forthcoming year."

The gentle reminder from my bank manager about my overdraft was courteous, as ever. What he failed to say, though, was that if I did have requirements for the forthcoming year, he would also be grateful to charge me for setting them up.

There was a time when overdrafts were arranged free of charge. But increasingly banks now levy what they call "an arrangement fee"—a fee simply for agreeing to let you have an overdraft. on top of whatever they may charge you for actuelly making use of it.

Practices vary, however, as a quick poll showed this week. And it clearly pays to know your own bank's policy because you could save a few bob by trying to convince your manager that you are a jolly good customer, or by going elsewhere.

Of the six banks contacted, three charge arrangement fees, two do not, and one leaves it to the local branch manager.

The three who do are Barclays, Midland and National Westminster Bank. The first two charge 1 per cent of the overdraft limit. This meaos that a £1,000 overdraft will cost £10 (Barclays charges a minimum of £5). NatWest is dearer: it asks 1.5 per cent for overdraft up to £5,000 with a £15 minimum (0.75 per cent beyond that up to £100,000), though branch managers are given some flexibility.

The two who do not are Lloyds Bank (though it reserves the right to if it wants) and the Trustee Savings Banks. The Co-op Bank charges between ½ per cent and 1 per cent, but tbe maneger can waive it altogether for favoured customers. "It depends on local market conditions and the hank's relationship with the customer," said a spokesman.

The catch in tbe fee is that the hanks view an overdraft not as the permanent arrangement we would all like hut as a limited term facility which expires. So if you bave to renew it after six months or a year, they can wheck you for another fee.

In some cases. though, the fee may be a small price to pay. Most hanks cbarge much more for what they call "unauthorised" overdrafts—people going into the red without prior arrangement. Barclays, for example, charges a whopping 12 per cent over hase rate for such loans and NatWest a standard 24 per cent plus a £5 fee. compared to 3-5 per cent over base for regular overdrafts. Other hanks are more tolerant: the TSB charges 3-5 per cent over base for authorised and 5-7 per cent for unauthorised.

It sometimes seems strange that banks are so chary about overdrafts. It is, after all, loan business that walks in the door without any costly marketing effort on their part, so why discourage it even for creditworthy customers?

According to NatWest, the aim is not to discourage overdrafts, but to cover costs. The fee is supposed to meet the *expense of interviewing* the customer, entering the details in the computer and administering the overdraft.

There was a different view from the Co-op where the spokesman implied banks would rather you had a "structured" personal loan from them, so they do not try to push overdrafts. Apart from heing more organised end easier to control, personal loans carry higher rates of interest, too, which is something else that needs to be taken into account when grumhling about the arrangement fee for an overdraft.

But will the arrangement fee last? Growing competition in the retail sctor suggests it may not. It is no accident that tha Co-op and the TSB do not insist on one: they represent the new cballenge to the traditional clearing banks. Later on, tha building societies may also get in on the act when new legislation is passed to allow them to make unsecured loans.

David Lascelles

Building societies

The Leeds declares peace but it's war as usual elsewhere

PAX, CRIES the Leeds. Wa may have started tbe interest rates war, but now we ere going to end it by withdrawing our Limited Edition account.

The claim sounds convincing at first. After all, how much longer can tbe big building societies keep on playing leapfrog with their interest rates, each capping the other's latest new account with an even higher paying product?

On closer inspection, however, it may still he too early to proclaim the peace. Building societies are still not attracting enough money from investors to satisfy the demand from borrowers. They estimate that they need to take in £800m a montb to meet mortgage demand, hut in Jnne they took in only around £450m. This month the tills are ringing a hit faster, but still nowhere near the £800m level.

To take in more money, *against fierce competition from* the banks and from National Savings, the huilding societies have to keep increasing their interest rates and adding more features to their accounts.

In fact, far from heing the first sign of peace, the Leeds announcement that it is closing the Limited Edition eccount appears simply to raise the stakes once more.

90-DAY NOTICE ACCOUNTS

	Balance	APR
Halifax 90-day Xtra	£500	11.04
Aohey National Higher Interest	£500	11.04
Natlonwide Bonus 90	£200	10.51
Leeds High Return Access	£500	10.51
Woolwich Capital Account	£500	11.04

DEMAND ACCOUNTS

	Balance	APR
Halifax Instnt. Xtra	£500	9.75
Abbey Natnl. 7-Day	£500	9.75
Nationwide Double Bonus	£500	9.75
Leeds Liquid Gold	£500	10.00
Woolwich Prime	£500	9.75

Limited Edition, a three months' notice account paying 11.04 per cent annually, remains open until the end of July. For that period the minimum balance required to open en account is heing halved to £5,000. The account is still heing heavily promoted in Leeds hranches, along with the society's instant access Liquid Gold account.

As its name makes clear, *Limited Edition* was always going to be closed after a short time. The betting is that the Leeds will very soon introduce a similar account to take its place.

As the Leeds leaves, National and Provincial steps in with a new Special Share. It offers a compound return of 11.04 per cent—like Limited Edition, the Nationwide Capital Bond, and Halifax 90 Day Xtra. Unlike these it requires only 60 days notice.

The new eccount shows up how fine some of the distinctions are now in the *savings* market. Special Shares are exactly the same as N & P's existing Apex shares, but with two small differences: the premium that will be paid above the ordinary share interest rate is not guaranteed, and you may hava instant access to your money if you invest more than £10,000.

It is only minor shades of interpretation that set apart the accounts offered by the hig High Street building societies. For the most part, they follow each others' lead closely.

As the tables show, four of the five largest societies all pay 9.75 per cent on sums over £500 with instant access. Only the Leeds has a higher rate.

With 90 day notice accounts, the big five split. Two offer 10.51 per cent; three offer 11.04 per cent. Gueranteed premium accounts show less variation, hut the societies differ in how much of their premlum they guarantee. The Halifax, for instance, is currently paying 2.35 per cent above its ordinary share rate—but only 2.0 per cent of this is guaranteed.

GUARANTEED PREMIUM ACCOUNTS

	Balance	APR %	Guaranteed premium %	Length of guarantee
Halifax Premium Xtra	£10,000	11.03	2.0	3 years
Abbey High Rate Bond	£10,000	11.0	2.75	2 years
Nationwide Capital Bond	£500	11.04	2.5	3 years
Leeds Limited Edition	£5,000	11.04	2.5	2 years
National and Provincial Apex	£500	11.04	2.5	3 years

George Graham

Shareholding

High Marks and only a few sparks

"THIS QUESTION comes up every year," Lord Rayner said patiently in response to a shareholder's complaint that he *spends his time "dashing from* Uxbridge to Harrow to Watford branches of Marks and Spencer looking for size 18 to 20 for the wife, who is on the larger side."

Mr Harper of Pinner was just one of a group of shareholders who squeezed into the ballroom of the Royal Lancaster Hotel on Tuesday for Marks and Spencer AGM who bad something to sey to tbe chairman. One shareholder wanted to know whether she could have somewhere to feed ber baby in the York hranch, and another was irritated that he could not get Cumberland pies in the Oxford Street store.

Mrs Madison from Coventry reported that her daughter from Australla bad heen angry to discover she could not reclaim Vat on ber M and S purchases, while another small shareholder wanted to hear the board's attitude towards Sunday trading.

Judging from the mood of the *1,100 shareholders who* turned up to the meeting, Marks and Spencer is in no danger of losing the loyal support of its army of a quarter of a million shareholders. Almost ell of those who spoke were full of praise et their company's progress, and many of the speecbes were greeted with a burst of approving applause.

One shereholder remarked afterwards: "The chairman takes notice of shareholders comments, and I think that be follows them up. It's not e question of us and them. We are all a part of tha company."

The bulk of small shareholders present seemed to have inherited *their shares or* to have acquired them many years ago. None seemed to entertain any thought of selling the shares, under any circumstances.

A 50-year-old Dulwich housewife said she had inherited her shares from her mother, and planned to pass them on to her children. She felt loyal to M and S hecause she likes shopping there—althougb she did say that the clothes were not as good as they used to be.

"I don't huy them any more, and neither does my daughter."

A retired *Press Council* member said that he had bought the shares 15 years ago because his aunt had recommended them. He thinks M & S is the best blne chip on offer: "ood and clothing will elways be wanted, and Marks and Sperks is better than British Home Stores."

A scientist at United Biscuits bought them after a lecture on shere ownership at the Industrial Society two months ago. She said that she looks at the price every day, and although it has dropped since she hought the shares she seemed confident that it would start to rise again soon.

Mr M. S. Reynoldson ("M is for Michael and S is for Stuart") is no beginner when it comes to finance. An ex-general manager of an insurance company, he now buys and sells shares on the advice of his stockhroker son. But he has no plans to sell his M & S shares, no matetr what his son says. "I think that they are the best shares you can buy. It is a really well-managed company."

One feature that pleases M & S's smaller shareholders is its frequent scrip issues, where shares are effectively subdivided by the *issue* of *new* shares. You get more shares, but the value of each share falls in proportion, so the value of your total holding remains the same.

One shareholder said that she liked the scrip issue because it meant that she had more to pass down to her children.

Mr and Mrs Jamieson from Kingston on Thames agreed that the freqnent scrips were what they particularly liked about the shares.

"I wished someone had asked the chairman if we could have another," she said. "Don't be greedy, you've just had one," he reminded her.

A *post office* employee from Brixton had a clearer idea: "It's just paper, hut it keeps tha price down so that people aren't frightened away."

Shareholders do seem to take an interest in the company's progress and most said that they read the annual report.

"If I don't understand everything in the annual report, I ask nasty questions at the meeting," said Mr Reynoldstown. He hed asked no questions this time "In fairness to the new chairman. I'd like people to treat me like that if I had become chairman," he said.

A motion to enlarge the company's authorised share capital, was passed unanimously at the end of the meeting. Did shareholders know what they had just voted for? "Well, not really," admitted one shareholder. "But it's all in the hook," he said, patting the annual report confidently, as he joined the mad scramble for the free packets of Marks and Sparks crisps heing distributed along with the sherry.

Lucy Kellaway

Lord Rayner . . . "the same question comes up every year"

If Roger the lodger moves in...

HOUSES DO not always match owners' income and needs. Self-employed people find that mortgage payments are easy when business is good but become a heavy drain when cash flow dwindles.

The wife who gives np a well-paid joh to look after a haby discovers that home running costs increase as family income plnmmets. Death, divorce and retirement likewise deplete income.

At such times, moving may appeer too traumatic a step. A lodger may seem an ideal solution. But hefore rusbing out to advertise your empty room(s), ask a few question.

Do you want a lodger for emotional, or financial reasons? If the former, compatability is all important. Sharers must fit easily into your home . . . and life style.

If it's income you are after, start short term with holidaymakers. The biggest demand is from May to October. Approach your regional tourist hoard. Prices for bed/breakfast start from £20 a week. Bed/breakfast, *evening meal Mondey to Friday* and full board at weekends costs from £30 in Surrey; not much less in Wales; in London much more—and much harder to find.

Various agencies need room and board with families for foreign teenage (and younger) students. Toey advertise mainly through church bulletins and news letters. Usually, breakfast and evening meal are required, and the student goes out for part of the day.

If you enjoy your first foray as a landlady and want longer-stay tenants, you should provide meals, even if only a Continental-style breakfast. Such services exempt you from the Rents Acts. Your "guests" have no security of tenure, nor appeal against the rent.

Expenses which can he claimed against your income include repairs, maintenance, insurance premiums, management costs, rates, service charges and domestic help, laundry and meals.

When the property is sold, capital gains tax relief may he allowable up to £20,000 on that part of the house which was let. Geln on the rest, as a main residence, is tax free.

You may not want to provide even a Continental-type breakfast hnt prefer to turn part of your house into a self-contained flat. Any loan ralsed to construct such eccommodation, if lt is to be let on a commercial hasis, qualifies for tax relief. But take care.

If you are getting on in years, or have gone through some domestic crisis, you do not want hassle. Lodgers in a self-contained portion of your home may create it. Under the Rent Acts they have unshakabla security of tenure.

There are two exceptions. One is holiday letting. The rules are that *the holiday let* must be furnished, on offer for at least 140 days a year, actually let for at least 70 of them, and not occupied for more than 31 days at a stretch by the same person.

Finance and the female

Holiday let income is treated as earned income, so it qualifies for the wife's earned income allowance of £2,205. Where a wife has no other income, this may be a useful relief.

The other exception is under sections 51-55 of the Housing Act of 1980, which introduced "shorthold": fixed term tenancies of between one and five year. Before the start of a shorthold tenancy in London a "fair rent" must he registered with the Rent Officer.

Any self-contained accommodation is assessable for capital gains tax when sold, but retirement relief of up to £100,000 may be allowahle for someone who has reached 60.

If the rooms are not self-contained, and living accommodation is shared, a tenant does not have security of tenure even if the resident landlady or landlord provides no services or meals.

But the tenant can still apply for a "fair rent" which certainly won't yield the return on capital of a building society share.

You can try an offer to one of the educational establishments approved by the Department of the Environment who are allowed to let to students without Rent Act protection. They will sublet your rooms to *their own applicants. Company* lets are another possibility. Though the company itself can have a fair rent registered, it rarely does so.

The hurdles which face anybody who lets residential accommodation, namely security of tenure and rent control, and which account for the dwindling amount of private rented accommodation in large cities, can by these circuitous routes, be partly circumvented.

Overcome them and you and your tenantry could be in for a pleasont future.

Irish Tourist Board, 150 New Bond St, W1. Tel: 01-493 3201.

Scottish Tourist Board, 23 Ravelston Tce, Edinburgh. 031 332 2433.

Wales Tourist Board, 2 Fitzalan Rd, Cardiff. 0222 49909.

English Tourist Board, 4 Grosvenor Gardens, SW1. 01-730 3400.

London Tourist Board, 26 Grosvenor Gardens, SW1. 01-730 3450.

Shorthold Tenancies Housing (Booklet No. 8), Department of the Environment from council offices, CABs CABs, etc.

Letting Rooms in Your Home (Booklet No. 4), Department of the Environment from council offices, CAB's, etc.

Live and Let: Dearden Farrow: accountants, 1 Serjeant's Inn, EC4Y 1JD. 01-353 2000.

The Housing Rights Guide by Geoffrey Randall, pnblisbed by SHAC, 189a Old Brompton Road SW5 0AR.

Jennie Hawthorne

• FINANCE & THE FAMILY •

Unit trusts

The gap between 'buy' and 'sell' prices

THERE ARE lies, damned lies, and unit trust statistics. But unit trust performance will in future be measured on a basis that more closely reflects the actual effect on the investor.

Money Management magazine, which (along with its rival Planned Savings) is the oracle on unit trust statistics, is changing the basis on which it calculates performance from "offer-to-offer" to "offer-to-bid."

A unit trust has two prices: the offer price, at which you may buy units, and the bid price, at which you can cash them in. The gap between these two prices is usually between six and seven per cent.

Traditionally, performance has been measured on an "offer-to-offer" basis: that is, from purchase price to purchase price. Although you pay the offer price when you buy, you will only receive the bid price, 6-7 per cent less, when you sell.

You might read in an offer-to-offer performance table that your unit trust had risen in value by 100 per cent. But when you came to sell your units, you would find that they were worth only 94 per cent more.

This would not matter greatly if the spread between bid and offer prices were the same for all unit trust management groups. Performance would be slightly overstated, but at least the relative rankings of different unit trusts would remain the same.

THE BID/OFFER SPREAD

Group	Average spread %
M and G	6.32
Save and Prosper	6.25
Allied Dunbar	6.37
Barclays Unicorn	6.25
Henderson	6.76
Schroder	6.43
TSB	6.20
Britannia	6.43
Hill Samuel	6.29
Target	6.76
Mercury	5.72
Abbey	6.32
Fidelity	6.41
Framlington	6.24
GT	6.42

In fact, the range of bid/offer spreads is substantial, although the great majority are between 6 and 7 per cent. They can be as low as 0.5 per cent, or as high as 14 per cent.

The method of calculating bid and offer prices is laid down by the Department of Trade and Industry. Fourteen per cent is about as far apart as the two can go. The gap takes account of the 5 per cent initial charge when you buy units, and of dealing costs related to the shares owned by the unit trust.

When new units are created by a fund's trustees, the full offer price according to the DTI calculation must be paid. Likewise, when units are cancelled, the trustees pay out only the DTI bid price.

But not all units are created afresh by the trustees. When the managers buy units in from one investor, they can hold them and sell them on to another, keeping any profits. "Box" profits, as these are called, allow the managers to keep the bid/offer spread to the investor narrower than the full DTI spread.

The box provides, typically, around 30 per cent of the revenues of a unit trust group, but profits are much easier to make for a group with a large regular inflow of money from insurance and savings contracts.

Lawson Penny Share, whose bid/offer spread is a whopping 14.07 per cent, fares worst from the change in the calculation. In Money Management's sister magazine Unit Trust Management, where figures are still given on an offer-to-offer basis, the fund is shown as gaining 0.7 per cent over the last 12 months.

But on the offer-to-bid basis used in Money Management—which reflects the investor's actual return—Lawson Penny Share shows a loss of 11.8 per cent.

BEST PERFORMERS OVER FIVE YEARS

Offer to offer	%	Offer to bid	%
1. M & G Amer. Recov.	+362	M & G Amer. Recovery	+332
2. EFM Tokyo	+334	EFM Tokyo	+306
3. M & G Amer. & Gen.	+321	MLA General	+296
4. MLA General	+319	M & G American & Gn.	+294
5. Abbey High Income...	+294	Barrington European...	+277
6. Barrington European	+293	Abbey High Income ...	+271
7. Schroder Smaller Cos.	+289	Schroder Smaller Cos....	+265
8. Henderson N. Amer.	+281	Bishopsgate Internatnl.	+260
9. Bishopsgate Interntl.	+280	Framlington Am. & Gn.	+256
10. Henderson Japan ...	+279	Framlington Am. Turd.	+355

Source: Money Management and Unit Trust Management.

Lawson's entire stable of funds shows very poorly under the new method of calculation. The six funds have an average bid/offer spread of 11.43 per cent, and four of them have returned a loss over one year, offer to bid.

There are some divergences among the larger groups, too (see Table 1). Henderson has eight funds with a spread of over 8 per cent. However, it also runs a number of funds its European funds have a gap of only 5.2 per cent.

These wider spreads affect Henderson's showing in the performance tables. In the offer-to-offer table, Henderson North American and Henderson Japan are ranked eighth and tenth respectively. But in the offer-to-bid table they are nudged out of the top ten by two Framlington funds with lower bid/offer spreads.

One category that will show up better under offer-to-bid measurement is that of gilt unit trusts. Most of these have a spread of 5 per cent or less.

While offer-to-bid statistics give a more realistic view of what the investor will actually receive, they would put unit trusts at a disadvantage when comparing their performance with a stock market index such as the FT All Share, which does not take account of the gap between buying and selling prices.

George Graham

Home extension options

Existing low-cost endowment of £21,000 at 14.5 per cent gross (10.15 per cent net)		
Total gross monthly payment	£281.42	
Total net monthly repayment	£205.30	
Estimated lump sum payment	£21,862	
	Repayment	Endowment
Gross monthly repayment	£278.86	£271.25
Mortgage protection premium/low cost premium	£7.36	£29.77
Estimated lump sum	nil	£21,862
Total gross monthly repayment on both loans	£532.61	£523.00
Tax relief	£111.98	£111.98
Total net monthly repayment	£121.63	£113.02
Total premiums	£35.03	£32.44
Total net monthly cost	£156.66	£170.46
Estimated total lump sum payment	£21,862	£43,724

WHAT SHOULD you do if you want to finance a home extension by a further advance on an endowment mortgage taken out before April 1984 when tax relief was still allowed on life assurance premiums?

Adjusting the mortgage by extending the term would not be advisable; this would be regarded by the Inland Revenue as a new policy, so the borrower would lose the original tax relief on the premiums. Similarly, replacing the mortgage with another covering the old loan and the further advance is not an attractive option as the borrower would again immediately lose the relief. So what are the options?

It depends very much on which society you borrow from—there are differences even among the five largest societies. The most appropriate option will vary according to the individual borrower's financial circumstances. It will also depend on whether you regard an endowment mortgage purely as a means of ensuring that your dependants are protected by having the mortgage paid off immediately on your death, or as a savings vehicle also.

Borrowers who expect rising income may also opt for an endowment mortgage to make full use of the interest relief to reduce their tax liability.

In making a decision, the borrower will also have to consider the future movement in interest rates that will affect monthly repayments. These, on an endowment mortgage, are purely interest, while on a straight repayment mortgage they cover interest and capital. When interest rates are high, the gap between the monthly costs of repayment and endowment mortgages widens; it narrows when rates are low.

Where the borrower opts for an additional full endowment mortgage, the premium might be based on a sum that is less than the further advance because an allowance will be made for the accumulated guaranteed bonuses of the original life policy. The insurance premiums will be lower because the policy is smaller.

Borrowers should also bear in mind that most building societies usually charge a higher rate of interest for further advances than they do for the initial mortgage, and this varies from society to society.

The Halifax, Abbey and Leeds Permanent allow borrowers either to take out an additional but separate endowment policy or a repayment mortgage to cover the further advance. The premiums on the second endowment policy would not, of course, be eligible for tax relief. The monthly repayments would thus be higher than those of the original endowment mortgage, and higher than those on a repayment mortgage of the same amount. There would, however, be a lump sum payment at the end of the mortgage term.

Mortgages

If, though, the borrower believes interest rates may drop significantly from present levels, then the interest-only monthly repayments could be less than the same-sized loan taken out on a repayment basis.

If the borrower opts for the further advance on a repayment mortgage basis, the Leeds Permanent will still charge the extra half percentage point interest rate which it, like some other societies, would already have loaded on the original endowment mortgage. (Neither the Halifax nor the Abbey do this, though.)

The further advance might also take the borrower's mortgage into a higher differential band. The way in which this is applied also varies from society to society. The Halifax for instance, does not charge a higher interest rate if the further advance pushes the mortgage into a higher band. The Abbey does, but only on the further advance; the original mortgage is kept at the existing interest rate. Some societies, however, would charge the higher rate on the whole mortgage when the further advance is taken out.

The Woolwich will not give the borrower the option of a combined endowment/repayment mortgage because this complicates administration. If borrowers want a further advance on an existing endowment mortgage, then they have to take out a second one. The Nationwide does give the borrower this option in theory, but says that, in practice, it discourages such a split.

All societies allow the borrower the choice of covering the further advance either with a full endowment policy or a low cost endowment policy regardless of whether the original endowment mortgage was low cost or not. With a low cost endowment policy, the monthly premiums are substantially lower because "assumptions" on allowances are made for the annual bonuses the policyholder can expect to receive.

The table illustrates the options available to the borrower. It is based on the example of a male aged 3[illegible] next birthday with a £21,000 low cost endowment mortgage over 25 years who wants an additional advance of £21,000 five years after taking out the original mortgage. Financing his home improvement through a low cost endowment mortgage will cost him just under £13.80 a month more. However, this will give him an estimated additional lump sum of £21,862 at the end of the term after repaying the capital on the mortgage.

Margaret Hughes

Finance Bill provisions

CONSIDERATION of the 1985 Finance Bill by the House of Commons ended early on Thursday morning. Compared with last year's marathon session—the committee stage was, at 155 hours, the longest on record—scrutiny of the 1985 Bill was considerably shorter and more productive.

One advantage of this was that it enabled the Government, led by Mr Peter Rees, Chief Secretary to the Treasury, to introduce a number of amendments at the committee stage and then at the report stage, which, if it had been pressed for time, would have been delayed until next year's Finance Bill.

Most of the additions and alterations to the Bill were of a technical nature or cleared up ambiguities in the original drafting. However, a number of the changes were more significant:

● Capital Gains Tax: Government amendments give those whom the Inland Revenue decides do not qualify for Capital Gains Tax treatment relief on the ground of ill health a right to appeal to the Special Commissioners. The original clauses gave the Revenue power to extend retirement relief to people retiring before 60 on grounds of ill health, but the Revenue's decision was to be final.

● A last minute change to the Bill restored the last-in-first-out (lifo) system for reckoning Capital Gains Tax on portfolios of shares built up over a number of years. The Government had earlier proposed a form of the first-in-first-out (fifo) system.

Suppose you bought 100 shares of ICI in 1974, and then another 100 in 1984. This year you decide to sell 100 of your holding. Under the fifo system, it is the first 100 shares that are deemed to be sold, so you face CGT on 11 years of gains. Under lifo, you would be charged only on the last year's gain, if you held on to the original 100 shares.

● A Government amendment at the report stage also relaxes the rules restricting "bed and breakfasting" of stock. This is the term given by the Stock Exchange to transactions whereby shares sold at the end of the day are then bought back the next morning. This is done either to receive accrued losses, to be set against gains or other assets, or to receive accrued gains in order to use up the annual CGT exemption. Last year's Finance Act contained provisions which made bed and breakfasting prohibitively expensive.

● Business Expansion Scheme. The Government accepted two amendments from Conservative backbenchers which extend the BES to research and development companies. These amendments allow companies, which had already issued BES shares prior to April 1985, and wish to exploit the product of previous research development by obtaining royalty income, to retain their BES exemption even though they were receiving royalties on research carried out before April 1985. Under normal rules, companies lose their BES qualification if a substantial part of their income comes from royalties.

● Non-resident transactions. An amendment to the Bill exempts investment managers from tax for transactions undertaken on behalf of non-residents in shares or securities, wherever the transaction took place (eg, for transactions on the USM and the over-the-counter market as well as the stock exchange). According to the Inland Revenue the purpose of the original clause was to improve the ability of UK investment managers to handle non-resident accounts.

● Miras. An amendment to the Bill allows new lenders wishing to operate Mortgage Interest Relief At Source, to apply the arrangements as soon as they have been prescribed as qualifying lenders for the scheme by the Treasury. The Bill originally would have required them to wait until the beginning of the next financial year.

● Stamp duty. Clause 74 and 75 of the Bill provided that stamp duty will not be charged on takeovers where shares in a company are exchanged for shares in the acquiring company. A new Government amendment has widened the scope of this exemption to cover the loan capital of the acquired company as well as its equity capital. Moreover it also extends to cases where the shares of the acquiring company are sold to a third party by the shareholders of the acquired company — for example when a takeover offer includes an offer by a merchant bank to immediately buy the acquiring company's shares (a so-called "vendor placing").

However, at the report stage of the Bill, the Government moved to block the use of the so-called "pref-trick" device used to avoid stamp duty on the take-over of a company in exchange for cash.

The device worked by siphoning value out of shares in a company being taken over into new shares issued through renounceable letters of allotment. The new clause withdraws the stamp duty exemption granted to renounceable letters of allotment where the rights to new shares are renounced in favour of a person who has or is seeking control of the company issuing the shares, from August 1.

● The Government has also moved to abolish Capital Gains Tax on giltedged securities and corporate bonds from July 2 next year.

Andrew Arends

New products

Banks help the blind

BANK statements look cryptic enough to the average bank customer—code numbers all over the place, and nothing to tell you to whom you wrote that cheque for £257.

It is worse for the blind, who usually have to ask someone else to read their statements to them. The banks are, however, moving forwards in providing services to their blind and partially sighted customers.

"We know from our research that blind people find lack of privacy a considerable deprivation, particularly in relation to financial matters," said Dr John Gill, head of Brunel University's Research Unit for the Blind.

The major banks all offer current account statements in Braille now, and the service is being extended to credit card statements. Seven banks — Lloyds, Midland, Northern, Clydesdale, Williams' and Glyn's, the Royal Bank of Scotland and the Bank of Ireland—have now followed the lead of National Westminster in providing Braille Access statements. At the moment Barclaycard does not provide Braille statements.

NatWest has led the way, and operates its own Braille unit. The statements — for which there is no extra charge to the customer—are produced in a single day, so the blind customer does not suffer undue delay. Nearly 1,000 people now receive Braille statements on their NatWest accounts, with a further 61 receiving Access statements.

The NatWest Braille unit also produces brochures for the blind, and can handle correspondence between the customer and the bank manager.

Most of the other banks use an outside service. The Royal National Institute for the Blind handles Barclays, Williams and Glyn's, the Royal Bank of Scotland and the Trustee Savings Banks. Midland and Lloyds use the Brunel Research Unit for the Blind.

The advantage of the Brunel unit is that it is computerised. The banks send a computer tape which can be automatically translated at high speed into Braille or into large print.

Large print is an area where many blind and partially sighted people feel the banks could do more. Of around 130,000 people registered as blind, only 10,000 to 15,000 can read Braille.

Perhaps twice as many of these can use large print; and there are many more who are registered as partially sighted.

A number of banks—including, once again, Natwest—are looking at the question of providing large type services. So far, however, no decisions have been made.

Perhaps the most helpful thing the banks can offer is good counter service. Cash machines can prove difficult to operate when you cannot read the instructions on the screen.

Some work is being done towards adding sound signals to the cash machines to help the visually handicapped. Machines may soon start bleeping as an indication of when to put your card in, when to press the buttons and when to pull your money out.

One step beyond, perhaps, is a recorded message or synthesised voice giving instructions.

Lower rates

CHELTENHAM and Gloucester Building Society is cutting the interest rate it charges on some larger mortgages. The rate on its Goldloan scheme—aimed at established homeowners needing loans of between £30,000 and £60,000—is dropping by 0.5 percentage points to 14 per cent.

The new rate will apply immediately to new borrowers, but existing borrowers will not get the benefit until September 1.

14.0 per cent would not in itself put the C and G among the cheapest lenders. But, unlike most banks and building societies, C and G charges no extra for an endowment mortgage or a pension-linked mortgage.

For those who require endowment or pension mortgages, C & G becomes one of the cheapest lenders.

Andrew Longhurst, the society's managing director, says the move to cut mortgage rates goes directly against the warnings of many other building societies that rates will have to go even higher to pay for the game of leapfrog now going on with investment interest rates.

C & G's ordinary mortgages cost 14.0 per cent for loans up to £20,000 and 14.5 per cent for larger loans, with an extra 0.3 per cent for endowments.

• FINANCE & THE FAMILY •

Don't bank on much from the High Street

IF YOU are over 55, you could be forgiven for envying your grandchildren the special treatment they receive from the banks and the building socities. The under-13s and under-16s are showered with all types of free gifts and inducements to sign up; but those who are in, or approaching, retirement have to search around for any type of concession in banking services.

Free banking is the most important inducement on offer to those who are over 55 and about to retire. Midland leads the field, offering free banking to all customers, irrespective of age, who remain in credit.

All the other major clearing banks normally require a minimum of £100 in your account if you are not to incur banking charges. If your account falls below £100 in any quarter you will be charged for each cheque, ranging from 26p at Barclays to 30p at Lloyds; and on each standing order, cash withdrawal and direct debit. Barclays and National Westminster will add to these charges a service fee of £3 a quarter. If your account is regularly below the minimum requirement, the charges can add upto a substantial amount.

Exempting you from these charges if you are over 55 does not amount to a great deal when you can take advantage of free banking elsewhere, regardless of your age, at banks such as the Midland or the Royal Bank of Scotland.

Lloyds is stricter than Barclays or Natwest. It insists not only that you be over 55 but that you must already have retired before you become eligible for free banking.

Its charges are also slightly higher than those of its competitors ,although it does not impose a quarterly service charge on accounts that fall below the minimum.

Yet, most of the major clearing banks offer little besides this small concession to their older customers, and admit that they do not identify this group as a special target in their marketing strategies.

Midland, again, is the exception, offering free personal financial counselling for customers over 55 who operate a hig hinterest cheque account. The account, open to anyone regardless of age, requires a minimum investment of £2,000 and now pays interest at 8.8 per cent net of composite rate tax.

By comparison, Lloyds offers 9 per cent net on its high interest cheque account with a £2,500 minimum.

You are also entitled to a free interview at Midland for advice on minimising your tax liability and maximising your income. And if you choose a Thomas Cook holiday, you could receive a discount amounting to as much as £75, depending on the kind of holiday chosen.

Your money in retirement

There are, of course, several accounts or services that may be useful to the elderly, even if they are not aimed specifically at them. NatWest, for example, offers a monthly income account paying 9.25 per cent net, with a minimum deposit of £2,000. This type of account can be useful for those living on a fixed iocome such as a pension.

Accounts offering a monthly income facility are available from building societies, too, though they are not specifically marketed for older people. The Woolwich, for instance, offers a net 10.75 per cent on a 90-day notice account that allows you to put a lump sum away and still draw a monthly income.

None of the major building societies offers investment schemes designed for older people. On the home buying front, however, you can get special help with mortgages, but you have to be old enough to be considered "elderly" by the society.

Many building societies offer interest-only loans for retired people living in owner-occupied accommodation. But some are stricter than others as to how old you have to be before you qualify; the Abbey Netional has the highest age requirement—you have to be 75.

In general, the societies lend up to 60 per cent of the valuation on the house or the purchase price, whichever is lower. Capital repayments on the mortgage are suspended until the estate can pay it off after death, but it should be possible for a relative to redeem it.

The major building societies say that these loans are designed to help elderly people finding it difficult to run homes and keep up with payments for repairs and improvements.

However, you can get interest-free loans to buy sheltered accommodation designed specially for the elderly. The Woolwich offers sucb loans, which can—but do not have to—be used to buy such properly offered by Woolwich Homes, a developer set up by the society, but which operates as a separate company.

Abbey Natiooal operates an anouity scheme in conjunction with Royal Insurance that offers you a set amount of monthly income, with the interest on your mortgage deducted from the annuity. As with other schemes, capital is paid off out of the estate after death.

Dina Thomson

Banking

Stuck out on a limb between branches

I WITHDREW enough cash to tide me over, and timed the closure of the account so that the monthly standing orders had been cleared and the new bank would be ready to receive the next instalments. That was the plan.

Easy access to cash was the reason behind by move away from Williams and Glyn's after 20 years, first in Oxford then at King's Cross.

W and G may be thick on the ground in the north. In London their branches and cash dispensers are as about as common as in Leningrad. And who wants to pay someone else's bank 50p each time you need some of your own money? Barclays have just increased the charge to 75p.

First to Lloyds in leafy Crouch End, N8. A tiny branch, not for claustrophobics. A manager eventually appeared behind a till window replete with a new customer's kit and seemed pained at my suggestion of a marginally less public encounter.

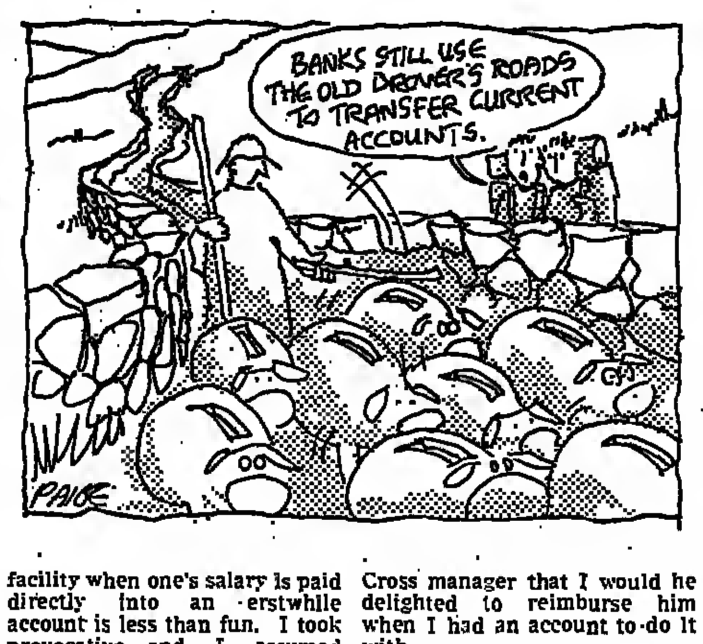
I moved on to NatWest's Lothbury branch in the City. A colossus of a banking hall. Mr Jennings in records—one of a dozen sections—was helpful, and I signed on the various dotted lines.

He warned me that banks do not fall over themselves to close an account, so I should ring W and G in a couple of days to make sure the notification from NatWest was being ected on. That was on April 18. W and G King's Cross closed the account promptly enough. But it was not until May 10 that the balance, £550, turned up at Lothbury, a distance of 2.5 miles. Lost in the post the first time round, W and G said.

Those 23 days were increasingly phone-filled and IOU-ridden.

Put down why you want to transfer from W&G, Mr Jennings advised, or they'll be writing to you to find out the reason.

Apart from a closing statement W&G did not write, even to ask for the return of their cheque card, cash card and other plastic goodies.



Living without a banking facility when one's salary is paid directly into an erstwhile account is less than fun. I took provocative—and I assumed criminal—action, by writing a cheque backed by the W&G cheque card on the ex-account, duly informing the W&G King's Cross manager that I would be delighted to reimburse him when I had an account to do it with.

The transfer was effected a few days later, although W&G wrote to say it was fine about the cheque; it would be put through to NatWest. But, no, I couldn't have any interest on my unwittingly frozen assets since it was a current account.

NatWest have been more gracious. They would not transfer to a deposit account aoy balance over the minimum required to maintain free banking—£100. "Everyone would want to do it," said Jennings in records. But after a mini-conference they agreed to settle for an automatic transfer of everything over £200.

Bankers being cautious types, NatWest did not begin to process my application for a cheque card and the rest until my money was in their safe. But then NatWest Lothbury's lending officer wrote to say: "At this stage of our banking relationship, it is difficult to grant these facilities. . . ."

He invited me to a discussion. In vain, I am afraid. The same post brought all the plastic cards. And in the following post came a second cash card. NatWest at least does not do things by halves.

Geoffrey Sheridan

Investors' tales

Dealer is brought to account as greed takes a costly toll

LAST MONTH we told of Martin Savage and his unfortunate plunge into traded options. Having been stung by the traded options market, Mr Savage decided to try his hand at some account dealing in the stock market proper.

This is the practice of buying and selling shares witbin the stock market account, tha two- or three-week trading period where bargains can be struck without the need to put up the money for the underlying shares. The idea is that you make a profit or loss on your deals during the account period; moreover, there is no stamp duty or sales commission to pay if you buy and sell within the account.

"What fascinated me," says Savage, "is that you simply make a call to your broker, say a few words like 'Buy two thousand of so and so' and next day, or even an hour later, you could be £200 richer as a result of that phone call. 'Why work?' I thougbt."

Etam — the womens' wear retailers — was Martin's first purchase. He bought 2,000 shares at 203p, which, with commission produced a total financial commitment of £4,178.04.

Why had he chosen Etam? "An American broker friend who was always telling me of bis coups on the market said he had just bought some at 198p and that there were rumours of a takeover bid. So I thought thet I'd get e slice of the action."

In the week that Martin bought Etam — and before he went for his slice — the Etam shares had risen 35p. Savage did not know that.

Nevertheless, the following morning Etam were being quoted at 210-215, and Savage's broker called him up for instructions. Woolworths had just announced a rights issue and Etam was considered a potential target to be bought with the proceeds of the issue.

"I thought that I could sell and take a couple of hundred quid profit, which is why I bought them in the first place," says Savage. "But the person who put me into the shares had said they could go to 250p, so I decided to wait for a little longer."

Savage had committed the fatal mistake. Having bought the sbares for an overnight profit, he should have taken it, thanking his lucky stars that it hed materialised. His greed, in going for more, proved his downfall.

Etam nosedived the same day to 178p—as Woolworths denied any interest in them — before recovering to around 190p. The result, for Savage, was that a £200 profit was transformed very quickly into a £300 loss.

More fun was just around the corner. Etam gradually rose to around 199 as the account drew to a close. But Martin, having aeen a profit, could not accept a loss.

So he "casbed and newed" his Etam shares. This involves selling your holding (on the Friday of the end of the account) and buying it back again for the next account period—giving you a further two or three weeks' time to play with.

The cost of a "caah and new" transaction is twofold: first, the jobber's spread will apply as you are selling and buying back (although the spread is often slightly less than normal. Moreover, you have to pay another lot of commission — on the repurchase — to your broker. Savake therefore sold bis Etam holding at 197p and bought it back again at 199p. Together with £65.67 broker's commission, the cost of the cash and new procedure — and the two weeks' worth of extra time it aecured — was £105.67.

He was fortified, by a favourable article on Etam in the *Investor's Chronicle* which ended with the immortal words "The shares abould be bought."

This was the prelude to Etam falling again. He watched each little fall — 2p (or £40) at a time — until deciding he bad had enough. He sold — at 185p. Total loss on Etam to date, including expenses, comes to £572.66.

"Etam had been written up in the newspapers, the preliminary figures were good, and yet they fell," says Savage. "I could really kick myself for not getting out when I was up."

"Sometimes the first loss is the smallest," says Roy Kaitcer, a broker at the firm of Charlton Seal Dimmock and Co., referring to Savage initial refusal to accept a loss.

He highlights a number of pitfalls that regularly catch out tbe rookie account trader; first, the failure to appreciate, particularly with poorly traded stocks, that commission charges plus VAT and the jobber's turn mean that you often need around a 6 per cent rise in a stock to see a profit. And that rise has to happen soon—because you only have the account period to play with.

"You are basically a gambler, not an investor," says Mr Kaitcer. "You have to look very closely at the prevailing market conditions as well as those for the particular market sector. The stores sector has been depressed recently by the Chancellor's statement that interest rates would not be coming down in a hurry."

A "buy" recommendation will often not boost the share price (barring perhaps a temporary mark-up by the jobber) if market and sector conditions are adverse. And in any case, such recommendations refer to the long term—they do not mean that the shares will be going up today or tomorrow—i.e., in the account.

Moreover, the jobbers read the papers and tip sheets too, so recommended shares will often be marked up before the market opens. In this situation, it is sometimes better to wait for a drift in the price after any initial buying fever bas subsided.

Many account dealers fall into the greed trap—holding out too long for more profit. Mr Kaitcer's standerd line on such persons is to quote Nathan Rothschild's explanation of the source of his wealth—"I always sold too soon." More pragmatically, he points out thet rare indeed is the speculator who buys at tbe bottom aod sells at the top: "What you've got to do is to try end squeeze yourself in somewhere between these two levels—and be grateful if you can make a profit within the account period."

Lawrence Lever

Briefcase

VATman is quite right

TIME SHARING SALMON

I am in the course of buying some time sbaring in a Scottish salmon and sea trout fishery. This sale, by the current owners, is being effected under Scottish law by the pro indiviso method, whereby I and others, as purchasers, acquire a ful title to the property, in perpetuity, as joint owners.

It now transpires that the Customs and Excise office is seeking to levy value added tax on the consideration for this sale, and I am at a loss to understand bow this transaction, which is similar to a sale of any other real estate into joint ownersbip, can be liable to this tax, since VAT is not payable on the transfer of either stocks and shares, or property.

Does a case exist for fighting the Customs and Excise offices claim?

The levy of Value Added Tax on the consideration of your purchase of a pro indiviso title to a time sharing scheme in a salmon and sea trout fishery has been correctly requested.

As you quite rightly say, the consideration payable on the transfer of any interest in land is exempt from Value Added Tax by virtue of Schedule 6 of the Value Added Tax Act 1983.

The Schedule, however, goes on to list certain interests in land which do not fall within this category and among the list (sub-paragraph (d)) is the granting of a right to take game or fish.

Thus the Customs and Excise Office is seeking Value Added Tax by virtue of this sub-paragraph (d) of said Schedule 6 of the 1983 Act.

Lawyer is best plan

My parents own a second bouse which they let to obtain a small income. It is a large Victorian house of wbich half has been occupied by one family under wertime regulations at a low rent.

This balf of the house bas now become vacant and my parents wish to convert it to small flats similar to the remainder of the bouse and beve accordingly sought planning permission.

Their local council however has refused on the basis that it involves the loss of a family sized accommodation contrary to council policy.

We are considering appealing to the Secretary of State and I should be grateful if you would advise me of the following:

(a) Is it wise to appeal on a *DIY* basis or sbould one use a solicitor?

(b) Can you advise on any sources of information tbet could give guidance on maximising the success of a planning appeal?

(c) Are emotive arguments in an appeal practical, eg the long period of rent control has resulted in a very low return on the property which we would now like to increase.

(a) This area of law is a highly specialised one, end we do not recommend dispensing with professional advice if you wish to pursue the appeal to your best advantage.

(b) We do not know of any plain man's guide to planning appeals which would offer you sufficient guidance.

(c) Emotive arguments are of minimal value, unlesa they can be adduced as ancillary to more cogent legal submissions.

You would be wise to try to find a solicitor with experience of haodling planning appeals to advise you and, if appropriate, to represent you.

No CGT on home sale

In 1975 I purchased my main house of residence, which stands on a plot of one acre. The previous owner had planted a hedge to split the land into two areas of ¾ and ¼ acre respectively (the house being sited on the larger) and was attempting to sell both plots separately. In the event, I ignored tbis division (wbich is not shown on the ground plan in the deeds) and bought the property as a single entity.

I have recently obtained outline planning permission in respect of tbe ¼ acre, which I now wish to sell. Will I be liable for Capital Gains Tax If I am, bow do I compute the gain?

No provided that (a) you used the quarter-acre beyond the hedge as an integral part of your garden (or grounds), and that (b) you continue to do so, and do not sever the land physically, until after contract day.

The solicitor (or estate agent) who ects for you in the sale will be able to guide you through the tax pitfalls which have been prepared by Parliament for homeowners wbo sell off part of their surrounding land. You will find a sketchy outline of the intricate and arbitrary rules in a free pamphlet, CGT4 (Owneroccupied houses), which is obtainable from your tax inspector's office.

Redundant and taxed

I was recently made rednndant anda dvised by my employers that it was advantageous to accept immediate termination and thus secure payment in lien of notice free of tax. After termination I received an ex gratia aum as compensation (also free of tax). My previous employer now advises me that the above two items must be aggregated for tax purposes. Since togetber they exceed £25,000 they state that I am liable for any tax accruing on the aggregate amount. Is this correct.

Also is any tax on the aforegoing (at the 50 per cent rate) maintained in a separate tax compartment, ie, is it put into the same "net" witb any other earned income, unearned income and capital gains in 1985-86 and capable of being refunded if my overall tax position creates a tax bill lower than that which I may suffer on the two items above?

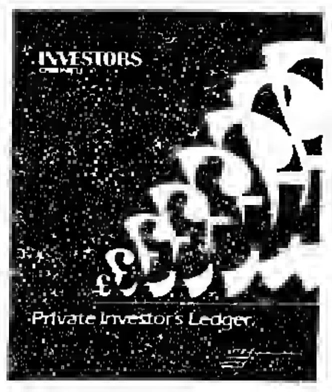
First question. Yes (under the proviso to section 188 (3) of the Income and Corporation Taxes Act 1970).

Second question: The excess nver £25,000 is treated as income received on the day your employment terminated. It is treated like your other schedule E income of the current tax year (assuming that by recently you mean aince April 5), except that it ia effectively taxed at only half your marginal rate (by virtue of paragrapb 7 of schedule 8 to the Taxes Act, as amended). Your capital gains do not affect your income tax position.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Private Investor's Ledger 1985-86

The most effective way of keeping track of your investments



- With the Private Investor's Ledger you can become a more effective investor. You can keep a total record of all your investments in one place. Making entries and calculations becomes easy and convenient.
- Purpose-designed sections enable you to record in a professional way your fixed interest stocks, shares, overseas investments, monthly valuations, Building Society and bank deposits, National Savings, other investments, and insurances.
- Key data from the recent Budget on updated tax rates and allowances, and on Capital Gains tax and stamp duty enhance the effectiveness of the Ledger. Full account is taken of the Finance Bill 1985. Back-up information and reference data on dealing and taxation are also provided.
- Coverage includes; Dealing information ★ Up to date Stock Exchange commission rates ★ Forecast of forecasts for the U.K. Economy ★ Investor's Glossary ★ Calculating a yield ★ Stock Exchange account calendar ★ Investment Ledger ★ Building Society Investments ★ National Savings Investments ★ Net Interest table ★ Capital Gains tax ★ Retail Price Index ★ Capital Transfer tax ★ Income tax ★ Net Percentage Yield table ★ Income tax — grossing-up table.

ORDER FORM

To: Marketing Dept., Financial Times Business Information,
Greystoke Place, Fetter Lane,
London EC4A 1ND

Please note payment must accompany order.
Price includes postage and packing.

Please send me:____copy/copies of **PRIVATE *INVESTOR'S LEDGER* 1985-86** at £5.95 each (inc. VAT).

I enclose my cheque value £_____payable to FT Business Information

BLOCK CAPITALS PLEASE

Mr/Mrs/Miss________________

Job Title________________

Company________________

Address________________

Nature of business________________

Signed____________ Date______

Please allow 28 days for delivery. Refunds are given on books returned in perfect condition and within 7 days of receipt.

FT Business Information Ltd. Registered address: Bracken House, Cannon Street, London EC4P 4BY. Reg. No. 980636.

If you've got £1,000 in a bank, a building society or in shares you ought to be reading Investors Chronicle

If you've got £1,000 available to invest then you should be reading the Investors Chronicle. Because whether you want to go for low risk and certain profits, or high risk and the possibility of unlimited gain, the Investors Chronicle will tell you how.

Every week with clear, incisive reporting (and a remarkably restrained sense of humour) the Investors Chronicle carries 50 or so stories entirely devoted to showing its readers how to make more money from investment.

We place a great deal of emphasis on your personal finances too with Money Monitor, our personal wealth section.

For a publication with so serious an objective. the editorial makes surprisingly compulsive reading and provides unusually comprehensive coverage of all the different types of investment opportunity.

SOME RECENT FEATURES

- **Pensions: the tax situation**
- **How to invest a few hundred quid in shares**
- **Buying into a mountain of cash – inside information on underrated stocks and shares**
- **Beginners Guide – a step by step guide to stockmarket investment**
- **Getting money for your own business**
- **Making big profits from china**
- **The tax benefits of forestry**
- **Tips for angels – investing in the West End**
- **Spanish holiday homee – how to ensure you have a place in the sun**
- **Punting on penny stocks**
- **Business Expansion Scheme opportunities**
- **Building Societies – some unexpected risks**
- **How to afford private school fees**

In each issue, for instance, we may investigate as many as 100 different companies, plus a wide variety of stocks, bonds, gilts and commodities.

However, we do not confine you to discovering how to make money from the more conventional forms of investment.

There is advice on buying and selling anything from Lordships of the Manor to antique jewellery, and from modern prints to sea containers.

Nor do we limit ourselves to merely retailing hard fact. You won't find us shy in coming forward with an opinion or making a prediction. Indeed, many of our forecasts have an uncanny way of coming true.

Which is why our readers rely on us to help them make more effective business decisions, and to increase their own capital assets.

We are so convinced that you will profit from receiving your own personal copy of the Investors Chronicle that if you complete and return the coupon below, we will send you the next four issues absolutely free!

So you can discover how to make more money next month at no cost to yourself.

Please note that the Investors Chronicle now carries Recruitment Advertising.

INVESTORS CHRONICLE

Financial Times Business Information,
Greystoke Place, Fetter Lane,
London EC4A 1ND, England.

WITHOUT OBLIGATION

Free Trial Subscription

YES, please enrol me in your Free Trial Subscription offer to the Investors Chronicle. I understand that I will receive my first four weeks issues absolutely free! Thereafter, I will receive my first year's subscription at the normal rate.

If, after your four free issues, you are not completely satisfied with the Investors Chronicle then simply let us know and we will refund you in full.

Please enrol me as below:
Price and Payment Details (Please tick as appropriate)

☐ £49 UK & Ireland ☐ £59 Europe (letter rate) (or local currency equivalent) ☐ £70/US$135 Rest of world (airmail)

☐ Please invoice me/my company ☐ Cheque enclosed payable to FT Business Information

☐ Please debit my credit card (tick choice) ☐ Amex ☐ Visa ☐ Access ☐ Diners

Card No. ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Expiry Date____________

Name____________ BLOCK CAPITALS PLEASE

Name of Company____________
(only where company is invoiced)

Private/Company Address____________
(delete as required)

Post Town____________ Postcode______

Job Title____________

Nature of Business____________

Signature____________

Date____________

Post to: Marketing Department,
Financial Times Business Information,
Greystoke Place, Fetter Lane,
London EC4A 1ND, England.

Send by 31st July 1985

F.T. Business Information Ltd., Registered Office: Bracken House, 30 Cannon Street, London EC4P 4BY Registered Number 960696

I already have scissors

So why do I need a knife?

I already have a spreadsheet

So why do I need MONEYWISE?

Quite. So why do *you* need MONEYWISE?

Some questions are easy to answer

Of course you have spreadsheet software. And there are some very good spreadsheets around. Like 1-2-3 or Supercalc. We recommend them highly.

Why?

Because people who know spreadsheets are the first to appreciate MONEYWISE.

At the risk of labouring the point, asking "Why should I buy MONEYWISE if I already have 1-2-3?" is a bit like asking "If I already have scissors, why do I need a knife?"

The answer's simple. It's a matter of application.

FT.MONEYWISE PROGRAM provides simple, immediate solutions to business planning problems – especially where traditional spreadsheets fall down.

MONEYWISE is the only spreadsheet-type software to have an integrated reporting element. Different reports can be extracted from a single set of calculations. Using MONEYWISE, profit and loss, cash flow and balance sheet forecasts are merely different presentations. Better still they can be 'rolled' forward or back in time by simply changing the base date.

Software for all seasons?

No.

But a very valuable tool for specific jobs. It will only take a few seconds to see how MONEYWISE would benefit you. If it would, we'd like to prove the point by letting you use it, absolutely free, for 35 days.

What the experts write about FT. MONEYWISE PROGRAM.

'FT. MONEYWISE sets new standards of user-friendliness, speed, capacity and graphics capability that future financial planning packages are going to be hard to equal, let alone better'.
(Bob Piper, Micro Decision)

'Financial decision-makers who are currently using spreadsheets or programming-based modelling software have a treat in store for them.
'MONEYWISE is an extremely slick piece of programming. Only Lotus 1-2-3 comes anywhere near it in ease of use'.
(Dick Pountain, Personal Computer World)

'MONEYWISE is far easier to use than any other spreadsheet I've tackled.
'Where FT. MONEYWISE really scores is in its financial dedication'.
(Neville Ash, Personal Computer News)

'This program will achieve great popularity within the market for which it is intended.
'The ability to change the assumptions of a model, and then with one keystroke *see the effects ... is extremely powerful'.*
(Iwan Williams, PC User)

The MONEYWISE Benefits

QUESTIONS	TYPICAL SPREAD SHEET	MY SPREAD SHEET	FT. MONEYWISE
1. Can I extract multiple reports and graphs from a single model, quickly and easily?	NO	☐	YES Allows selective reporting
2. Can I put together a model quickly, and show its constructive details to others for analysis and alteration?	NO	☐	YES Is self-documenting including logic
3. Can I get high-quality immediate printouts quickly without using another software package?	NO	☐	YES The Moneyprint is a complete, A4 format, personalised financial report
4. Can I use financial formulae from the very beginning of my work?	NO	☐	YES Wide range of formulae provided
5. Much of my time is taken up exploring my model. Is it easy to alter figures, recalculate, examine changes in results and graphs, etc?	NO	☐	YES Has extremely fast re-calculation
6. I only use my modelling system sporadically. Can I put it down and pick it up again without relearning complex sets of commands?	NO	☐	YES Has effective Help and the minimum of commands
7. I often need to adjust the start and finish dates of my models and show the subsequent changes in results. Can I do so easily?	NO	☐	YES Allows the base dates to be changed completely to roll reports forwards or backwards

If your current software didn't score every time we think you should see what MONEYWISE has to offer.

Try the MONEYWISE Test Drive. Absolutely FREE

All we want you to do is to judge for yourself. Risk free. Take FT. MONEYWISE PROGRAM on free trial and try it for 35 days without charge or obligation.

We suggest you use your scissors on the coupon below. Like MONEYWISE, they're the right tool for the job.

Solves hot problems in cold print

FT. MONEYWISE©

Moneywise Software Limited, 226 Sheen Lane, London SW14 8LD.

Please return to Allyson Henderson, Moneywise Software Limited, 226 Sheen Lane, London SW14 8LD. Telephone: 01-878 8585.

☐ YES, I would like to Test Drive FT. MONEYWISE PROGRAM, for 35 days. Absolutely free.
☐ Please send me further details on FT. MONEYWISE PROGRAM.

Name____________ Title______

Company____________

Address____________

Telephone____________ Extension______

I use a____________ microcomputer with______ KB RAM

Signature____________

MONEYWISE is a trademark of MONEYWISE SOFTWARE LTD
FT. MONEYWISE PROGRAM costs £395 + Carriage + VAT rec. retail price
Distributed in the UK by Stratagem Ltd and IBM United Kingdom Product Sales Limited
FT. MONEYWISE PROGRAM is a venture of Financial Times Business Information and Moneywise Software Ltd

PROPERTY

The height of gracious living—a penthouse in the Savoy

UP-TO-DATE amenities have always been a major selling point for central London flats. In 1873 one of the earliest and tsllest blocks was Henry Hankey's Queen Anne Mansions. The fact that it had hydraulic lifts made it particularly attractive.

By the mid-1930s when the flat boom was at its beight, Eaton House, Mayfair, wae esid to be the first to be air-conditiooed, Carrington Housa probably the first to be equipped with television facilities.

Smooth-running organisstions dedicated to efficiency in living, where under one roof "all important needs can be satisfied." was how the June 27, 1936 *Estates Gazette* reported New Services for Flat Dwellers.

Around the beginning of the century Lily Langtry rented residential chambers in Savoy Court. It was part of Gilbert and Sullivan producer Richard D'Oyley Carte's Savoy Hotel which opened in 1889. They ware claimed as the first serviced flats in Eogland. Tbe rent was £50 a year plus £30 for the aervices of a maid (to serve her morning champagne and let in her admirers), valet and chambermaid.

According to Stanley Jackson in *The Savoy—The Romance of a Great Hotel*, the heating was thermostat-controlled, then an innovation, and there were telephones and "electrical sun baths."

In decline for some years, the old rooms were bought by the Ladbroka group in August 1981 from the Savoy Hotel on a 999-year lease. There was an initial payment of £7.25m, and the hotel will be paid 20 per cent of the sale price of the redeveloped flats and offices behind the existing facsde.

The new Savoy Apartments are being reconstructed to the design of the Fitzroy Robinson Partnership. David Hicks is responsible for the show flats. There is blue felt on the walls of one bedroom (in the old days it used to be red brocade), and there are silver mirrors, brass candle lamps and bronze uplighters io the living area.

A new entrance in marble, sycamore and mahogany has been made by the side of the Savoy Grill. Some of the rooms will have a view of the imposing statue of Peter, Earl of Richmond and ninth Couot of Savoy, which dominates the Savoy complex. He built his palace on the origioal site given bim by King Henry II in 1246.

The 13 large, air-conditioned apartments on 125-year leases gn on sale on Friday from 10 am to 7 pm. Pricas are from £285,000 for two bedrooms, two bathrooms, to £925,000 for the three-bedroom three-bathronm penthouse. Tbe penthouse has a walled roof-terrace with Romanesque arches filled with stone *chaise longues* and romantic lighting. You can just see the river between the chimney pots.

If you want to throw an *al fresco* party, Victor Gower of the legendary Savoy American Bar will send up a selection of cocktails—Maggie Blue (vodka, fruit liqueurs and blue curacào), named for the Prime Minister, and Lady of Mey (passion fruit, cherry brandy and champagne), created for the Queen Mother.

Food and drink is brought from the hotel through a door off a "secret" passage that runs alongside the flat. Newspapers and books are available from one of the arcade shops to which there is direct access from the mezzanine floor. Housework and valeting of clothes can be organised, and you can get a haircut in the salon below.

In the evening one could go next door to the Savoy Theatre before returning to eat in the river restaurant, all without leaving the main building. The car, of course, will have been tucked away in your personal parking-bay by a car-jockey.

"We aim to provide the kind of care and attention that you would expect in the best of Englaod's country houses," says Savoy maoaging director Willy Bauer.

Rates and management charges are expected to be between £6,000 and £10,000 a year, in line with otber flats of this calibre in central London. Hot water and background heating are included.

Selling agent Aothooy Lassman, Lassmans, 12 Old Bond Street, W1 (01-409 2020), is already "overwbelmed by the pheoomenal interest."

A couple who have sold a 44-room mansion in Connecticut, and have a permanent suite at The Breakers in Palm Beach, want one as a London *pied-à-terre*. An executive of an American bank in London wants the penthouse as a bachelor pad. Someone with an estate in Scotland is thinking of one as a good base for the family wben they come to London.

Others are interested for investment. Daniel Stein, commercial director, Ladbroke Group Properties, says that the accommodation could rent for up to £700 a week.

Serviced flats in London are rare. At Grosvenor House, Park Lane, W1, furnisbed apartments can be rented annually, with full hotel service if you want it. The five-bedroom, four-bathroom type, which rent from £77,000 a year, are rarely vacant.

The "budget-typa" one-bedroom apartments, with a mini-kitchenette in a cupboard, at £21,000 per annum, include membership of the Haalth Club with its swimming pool and Sauna. "These are popular with executives working on a 12-month contract in central London," says apartments manager David Abbott.

At Dolphin Square, SW1, the complex by the river built by Richard Costain in 1930, there is a three-year waiting list for the unfurnished flats. Rents are about £1,600 a year plus rates for one-room accommodation, up to £7,000 for seven rooms.

The furnished apartments, full until about October, rent at £450 a week for a three-room unit. There is a daily maid-service on weekdays and a swimming pool, squash court and sauna. Details: Peter Bicknell, flat manager (01-834 3800).

Proximity to Parliament increases demand. Most sought after flats are those within the Division Bell area. The bell rings for eight minutes before a division in the House, and MPs have that time to reach the lobby and vote before Mr Speaker calls "Lock the doors." So the area applies to the districts from which Members can reach the lobbies whether on foot, or by car, cab or cycle.

Specifically aimed at the MP market is the newly launched Millbank Terraces, its name derived from the old Westminster Abbey water mill. It is a comfortable six-minute walk to the House. The group of elegant 19th century terrace houses overlooking the river are being stylishly converted to apartments by Ian Rowberry Copartnership Developments, subsidiary of Rosehaugh.

The first eight apartments have already been reserved. There are studios from £40,000 to larger apartments up to £135,000. There will be a resident bouse manager and use of the garden. Brochure at the show flat or through the agents Chestertons (01-589 5211), W. A. Ellis (01-581 7654), and Hampton and Sons (01-493 8222).

At Whitehall Court, close to Parliament Square, the restaurant has long gone, but food can be brought in from the adjoining Royal Horseguards Hotel. Still available is 24-hour porterage, maid and laundry service, but the hairdresser has closed. A two bedroom apartment is for sale at £99,000 through Stephen Parry Tuckerman, Great Smith Street, SW1 (01-222 5511). They also specialise in other Division Bell blocks such as Marsham Court, which has Lockets Restaurant on the ground floor, Westminster Gardens and The Willows.

June Field

All mod. cons. at Savny Apartments (left); division bell territory at Millbank Terraces

Rural sales flourishing

COUNTRY COTTAGES are reported to be selling "effortlessly" in South Lancashire and "beams and bits of land" have outstripped other types of bouses in Suffolk.

The half-yearly Housing Market Survey by the Aoglia Building Society reveals a noticeable increase in demand for Victorian terraced bouses in the Kent Weald area, with prices up 11 per cent. Some estates in the North and Yorkshire have also shown useful increases.

The society is critical of agents in the South Midlands—Oxfordshire, Buckinghamshire and Gloucestershire. "Fierce competition among estate agents is reported to be pricing many first-time purchasers out of the market on both pre-1919 and pre-war semis, since some agents are prepared to be over-optimistic on sale prices in order to secure instructions."

Solds:

- An active community of badgers, a dozen different varieties of orchids, and a number of rare fungi went with Whitebeams, an arts and crafts-style house on 22 acres in Petts Bottom, near Canterbury, Kent. The six-bedroom, two-bathroom home sold for about £145,000 through Strutt & Parker, Canterbury.
- Anick Hall, in four acres near Hexham, sold for more than the guide price of £175,000 within 10 days of it going on the market, with strong competition from four other would-be buyers. The house, sold through Savills' York office, was the home of Robert Langton, Savills' new marketing director.
- A staff wing, swimming pool, tennis court, garden cottage and two lodges were on offer with Rother Hill, Stedham, on 48 acres in Sussex. The seven-bedroom, three-bathroom house sold through King & Chasemore's Midhurst office, and Knight Frank & Rutley, London and Guildford, for substantially more than £700,000.

Whitebeams, Petts Bottnm (left); Rother Hill, Stedham

هكذا من الأصل

Where heads rolled, memories fade

THEY ARE tearing down the Bastille again, or so it seems. Where the old Paramount Cinema used to stand in this now rather dowdy part of Paris a large hole is being dug. The site takes up a substantial area of the eastern edge of the Place de la Bastille. By early 1987, the notices tell us, a new vista will present itself to those who take their coffee at the many brasseries on the other sides of the place. Those who wish to have such a view, however, will have to choose their times carefully. The site of the old Bastille, stormed 195 years ago tomorrow, is now one of the French capital's busiest intersections. See across it if you can; walk across it if you dare.

There is one remaining bit of the Bastille fortress (apart, that is, from some fabled cobblestones on the west side of the square which I have always failed to find) and that is slap in the middle of a Metro platform. A short stretch of wall has been preserved on the southbound platform of line 5 at Bastille Station and above it is a set of drawings and some text telling something of what the Bastille was.

Celebration of July 14 is, of course, a major social event in France. But the enthusiasm for jollification is not reflected in much enthusiasm for treating the settings of the main revolutionary events with any reverence. The sense of abandonment in the Place de la Bastille is reflected at other sites.

Take the train out to Versaille (about 80p each way, and a bargain) and try to find the place that saw the revolution start irrevocably — the Jeu de Paume, the tennis court. It was to this large hall that the Third Estate (the House of Commons as near as dammit) retreated when its meetings were to be suspended.

As a rowdy meeting it was decided that the "assembly shall here and now take a solemn oath never to abandon it, and to go on meeting wherever circumstances may dictate, until the Constitution of the Realm is set up and consolidated on firm foundations. . . ."

It was opposed by one man. A Martin Dauch from Castelnaudary (a little town which today, if I recall aright, produces some excellent Cassoulet). It was a remarkably brave move. One day I will find out more about M. Dauch and his further career, if any.

You can buy Cassoulet in one or two of the stores nearby but you will be hard put to it to find out more about M. Dauch and his colleagues. The Jeu de Paume is still there, tucked away in a side street and with its simple brown doors more often than not locked. The tourists all trudge their way to the main buildings of the much-restored Palace of Versailles, taking their snapshots of the fountains and dreaming of being a queen playing at shepherdess. The Jeu de Paume rests quietly and unnoticed.

So frequent were the momentous occasions of the revolutionary period that not everyone will agree with the proposition that the doings of June 20 in the Jeu de Paume, nor even of July 14 at the Bastille, formed the actual hub of the saga of the French Revolution. Some would plump instead for the increasingly turbulent meetings of crowds in the courtyard of the Palais-Royale in the months preceding the stormy summer of '89.

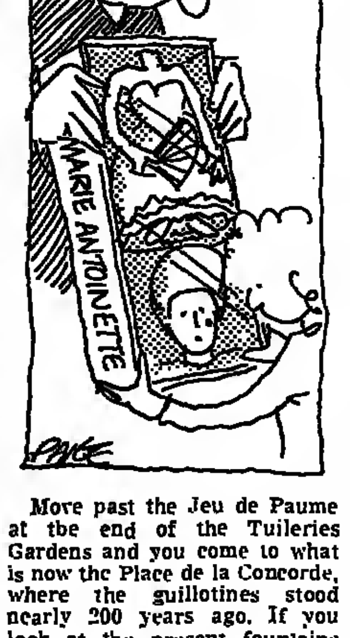
I turn to Marat as one authority who would argue such. "The nucleus of the revolution" is what he termed that simple quadrangle. Oddly enough today we find it to be yet another overlooked oasis of calm. The crowds struggle their way through the Louvres to the Tuileries Gardens and often pass by the palace.

It is in the evenings that the area comes into its own. With the museums shut and the centre of visitor activity having moved to the Left Bank or to the booming new bistros of Les Halles, the Palais-Royale quadrangle and its adjacent garden become coolly quiet. The gardens are a blaze of deep red and coral roses at the moment sadly, unless my nose is playing tricks, scent free. After the revolution the gardens of the Palais-Royale went into decline. Indeed for many years tourists were urged to avoid the area as it became a centre for crime, gambling and prostitution. That reputation has now been passed on to Les Halles, although the scene is rapidly changing and male strollers can rely on intermittent accostings and the walk from one to another on present summer evenings. But back to gardens.

The paths of the Tuileries Gardens themselves are, for my taste, designed for daytime wanderings (although I do have a blushing memory of dancing in their pools one day-break when very young, very drunk and very much in love). The old Palace of the Tuileries was burned down by the Communards in 1871, but even before then hardly boasted a happy history.

Catherine of Medici had it built but refused to live in it because her astrologer advised against it. Its low point, however, came in 1792 when Louis XIV and his family escaped into the gardens as another "storming" began. Thanks to royal mismanagement—the king gave no order to submit when such submission was possible but called for a laying down of arms just as the rout really started and it was too late—that 800 of his supporters died in an appalling and pointless massacre.

Today the gardens are a pleasant oasis after the scramble around that other, and more famous, Jeu de Paume, the museum which houses the world's best collection of impressionist paintings. Close by is the Comedie Francais and just opposite is the pleasant little Cafe de la Comedie, which has one or two seats outside and is an unpretentious sort of spot for people watching. If you prefer something grander the L'Univers opposite has more space and elegance.



Move past the Jeu de Paume at the end of the Tuileries Gardens and you come to what is now the Place de la Concorde, where the guillotines stood nearly 200 years ago. If you look at the present fountains which stand to the north and south of the obelisk at the centre of the concourse you can track where the guillotines were by making up the square with the east and west points. That which beheaded the king was to the west and the other to the east.

Really to grasp the atmosphere take along your copy of A Tale of Two Cities, a thumping good tale well worth the re-reading if you have not picked it up since school-days.

"The Ministers of Sainte Guillotine are robed and ready. Crash. A head is held up, and the knitting women who scarcely lifted their eyes to look at it a moment ago when it could think and speak, count one."

To be honest you have to be a bit of a romantic to get lost enough in the story if you read it again actually on the pavement of the Place de la Concorde. Even those tear-jerking lines: "Keep your eyes on me, dear child, and mind no other object."

"I mind nothing while I hold your hand. I shall mind nothing when I let go, if they are rapid."

"They will be rapid, fear not."

Even those tend to be drowned in the noise of today's Citroens, Renaults and Peugeots hurtling around the square. Indeed I would not commend the Place de la Concorde for much in the way of standing around although it does indeed have a spectacular panorama.

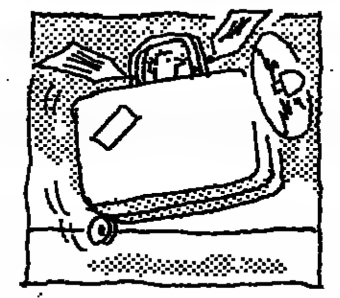
In a perverse way I might be tempted back to where we started, the Place de la Bastille, for a lengthier pause. On one of the northern corners there is a cluster of popular little restaurants, catering inexpensively for the local trade. The Brasserie Pschor has the most pretensions but the tiny Italian restaurant, the Don Leone seems to have a greater demand for its somewhat fewer tables.

At both you can eat out on the pavement and in the evenings the traffic is much lighter. If you just want a cup of tea and a sticky French cake, the Carillon on yet another corner — at least 12 streets run into the square — is worth a try. There are another couple of restaurants, the Chateaubriand and the Bofinger, which is the one favoured by Michelin, in the tiny Rue Bastille. The trendy looking La Mousson cocktail bar gets busier as the night moves to its 1.30 am closing time.

Further information: apart from a Tale of two Cities, which in fact contains very little detail about the events of the revolution, I would recommend a short work, The French Revolution, by J. M. Roberts (Oxford University Press £3.50) as a basic brief. Vastly thicker but well worth both the money and the time is that superb book, again entitled The French Revolution, by J. M. Thompson (Blackwell, £6.50).

For basic Paris guide books to cart around with you it is a toss up between the Michelin Green Guide, the Mitchell Beazley Pocket Guide and the Berlitz Pocket Guide. Do not buy all three: they overlap too much. Look at them all and choose (only the Mitchell Beazley one contains restaurant recommendations).

Arthur Sandles



BRIEFS

TIME OFF, one of the best-known short-break holiday specialists, has launched a new programme of motoring holidays aimed at the independent traveller. Customers select the type of accommodation in any combination to include a variety of European cities. The deals include ferry or hovercraft crossings. Prices range upwards from £41 for a two-night, one destination, visit. Time Off, 2a Chester Close, Chester Street, London SW1X 7BQ.

*

A SCHEME to help visitors to Hawaii who want to make short visits to the neighbouring islands from Oahu (where Honolulu is) has been produced by Mid Pacific Air. For $69, the airline gives you the return flight and 24-hour car rental on the other islands using a compact car and unlimited mileage.

*

THE 1986 world cruise on P and O's Canberra starts next January 7 when the liner sails from Southampton for Sydney via such ports as Madeira, Acapulco, San Francisco, Suva and Auckland. Fares for that half, including flights back to the UK, start from £2,160.

*

THE GREEK islands represent the best value for holiday spending money, according to the latest Thomas Cook investigation of holiday expense. Comparing costs when you get there (not the basic fares/hotel prices). Cook found Corfu, Crete and Yugoslavia heading the list until car-hire was included; then, Malta proved to be least pricy. The best dinner value was at Majorca, the cheapest wine was found in Crete, and the cheapest sun-tan lotion in Yugoslavia.

*

VIENNA is making a major bid for more visitors this year and has convinced the Spanish Riding School and the Vienna State Opera that they should stay open in the summer months. The Riding School is open for specific performances in August. Vienna is also staging a major art nouveau exhibition in the Künstlerhaus.

Simple things that mean so much

THERE HAS been a flurry of announcements from Renault recently: a five-door version of the new model 5 with a 1.1-litre and 1.4-litre engines; the arrival in Britain of the most ingenious Espace one-box people/freight carrier; "Beauville" versions of the now ageing 18 with nicer trim; and UK availability of the V6 engined 25 Turbo.

Renault expects to sell 4,000 of the 25 Turbos this year at £18,700, plus £850 for air conditioning, £925 for leather upholstery. Everything else that one might reasonably require in a 5-seat businessman's express is standard, including a magnificent hi-fi radio/tape system.

The price of the Espace is lower than forecast. The 2-litre, five-speed with five seats is £9,990. Extra seating modules to bring it up to a seven-seater cost £210 apiece, safety belts included.

There has been no official announcement, but Renault has made it known informally that the veteran 4 has been reprieved for two more years. Its successor has been spoken of for some time. Rumour had it that it would be a prettier but rather less useful car than the gangling, tinny, ugly but infinitely practical 4 that has sold well in many parts of the world for the last quarter-century.

When I heard the 4 had been spared for another two years I felt as though I had been told that a well-loved old dog would not have to be put down, as one had feared. I must declare an interest. For nine years we had Renault 4s in the family. We kept them for four-and-a-half years each and they cost us almost nothing in servicing and repairs.

The first one had a three-speed gearbox and a six-volt battery; the second was a 12-volt four-speeder.

They both went almost everywhere, on and off the road, and carried people, pets, bulky objects—even a Chesterfield—uncomplainingly. A farmer friend was so impressed at the 4's go-anywhere shock absorbency that he got rid of his Land-Rover and bought one himself.

He filled it full of straw bales, sheep, manure and milk churns (not simultaneously or at least not very often) and drove it where he reckoned to take his tractor. It was, of course, grievously neglected but it kept going until a cantankerous old employee, full of beer and bravado, drove it into the side of a Dutch barn. Even a Renault 4 has its limits. It was the knacker's yard for my friend's. He now has a Subaru (his second) but speaks warmly still of his tinny but indefatigable Renault.

Among the many fond memories of my 4s was the time my wife and I left it at Heathrow while we were away in Bermuda. When we got back after a fortnight, Britain was gripped by arctic weather. The doors were frozen solid and I had to break my way in through the tailgate.

It sprang to life at first flip of the key, six-volt battery notwithstanding. As I drove out of the car park, people who had been with us in Bermuda were vainly trying to start cars costing ten times the price of a Renault 4.

The survival of the 4 raises another, wider question. How much longer will there be truly simple cars on sale—the kind of car that has no electronics and which can be fixed when it goes wrong by anyone with a little mechanical ability, an adjustable spanner and a bit of bent wire?

Already, there are few such cars left. The 1985 models, with their transistorised ignition, microchip-controlled engine management systems and on-board computers are marvellous when they are running properly, totally confusing when they are not—and very expensive to put right. Electronics are, I admit, reliable; perhaps even more reliable than mechanical systems. But they still go wrong now and again. When they do, there is nothing for it but to call the breakdown service, which will put the car on to a low loader and take it to a franchised dealer who will be able to repair it.

Or should be able to repair it. It took the dealer a week to find out what was making a friend of mine's fuel-injected Alfa Romeo die a second or two after starting. The trouble, once identified, was soon solved—but the electronic widget, plus labour, cost him over £100. Similar tales can be told of any make of car. A BMW that needed some trivial replacement part in its sophisticated electronics also cost £100-plus; a Renault 9's automatic transmission control box had to be replaced (nearly £400); and a Volvo that I had to abandon in France on my way back from Geneva with some minuscule malfunction that two dealers failed to sort out.

It is, I suppose, the price of progress. I would be the last to hanker after the old days when cars had starting handles, cable brakes and windscreens that opened. My first car, a 16-year-old Standard Flying Nine, bought when I was very young, had all three. It was so unreliable every journey of more than 10 miles was an adventure. It would not start without much coaxing, had to be decarbonised every year and suffered terminal wheel wobble when the front springs collapsed because the dampers lasted about six months and I could not afford new ones.

During our four years together — I was waiting to take delivery of a new Ford 8—almost every moving part broke at least once, culminating in the engine blowing up on Hanger Hill. The noise was like the crack of doom to a penurious junior reporter.

Today's cars are incomparably better than those of the Forties, Fifties and Sixties. That is my view, though owners of restored Morris Minor 1000s will at this moment be reaching for pen and paper to tell me I am wrong.

But I would like to enter a plea for the car that is inexpensive, long lasting and, above all, simple to fix. With the R4's reprieve, we will have one for another two years — but what then? Is mine a lone voice—or do any readers feel like me?

Stuart Marshall

Reprieved for two years—the Renault 4. But will its successor be as simple?

Starting from scratch: Windsurfing

A board to balance on

IN WINDSURFING, as in life, the hardest thing is standing up.

With the sport's rise to Olympic status and near ubiquity, it is easy to forget that as little as five years ago windsurfing was thought to be only for rich and bronzed Mediterranean gigolos.

I had my first unhappy attempt last year in Greece: and bronzed Mediterranean out to sea (culminating in a rescue by a local fisherman) followed. My wife still laughs at the photographs.

I hate being taught, but I realised that if ever I wanted to get on a board again I had better have some serious instruction. A chance glance at an advertisement for the London Windsurfing Centre (553, Battersea Park Road, London, SW11, 01-223 2590), led to me applying for their boardsailing proficiency course. The brochure said that after two four-hour sessions I would be able to "rig, launch, sail and control a board in moderate winds and to qualify for the Royal Yachting Association's Boardsailing Proficiency Certificate."

The dull and sandy geology of Greater London includes a number of gravel pits. When made redundant and filled with water they become excellent (if unattractive) recreational lakes.

My class of four — Steve and Tony, friends at work, and Lois, whose boyfriend took the course last week — gathered in the lakeside bungalow for our first lesson. We sat by a blackboard and a whiteboard while James (our instructor, glamorous and looking almost too healthy) gave us a fast and lucid rundown on windsurfing jargon (uphaul, downhaul, inhaul, outhaul, skeg), and the theory of sailing.

After 10 minutes we trooped outside to learn our basic skills on a dry-land simulator. This turned out to be a properly rigged board mounted on a pivot to react to the wind. James showed us how to rig the board — a fairly straightforward business with mostly half-hitches and holding no terror for the knot-shy.

James towed our boards across the lake to a calm and sheltered place where we rigged up and launched into the still water. Then the falling-off began.

Because the mast is flexible (the foot pivots) the sail begins its life in the water. Hauling up a water-filled sail is no joke: so unless you start off with knees bent and pull hand over hand with arms outstretched, you haven't got a chance. This was a valuable lesson in doing as you're told.

Rigs up and hanging firmly, though precariously, onto the booms, we began our sailing—interrupted by unplanned

First in a series describing first attempts at a sport

forays into the bank, loss of wind and, of course, more falling-off. It is very difficult, even on relatively large boards like the fairly heavy 12-footers we had, to retain balance. A minor change in the wind throws the beginner off balance—you find yourself all over the board or, more likely, going straight into the drink. It is like wrestling with a ghost and, until you get your equivalent of sea legs, exhausting and discouraging.

James cruised among us in the boat, deftly dispensing much needed encouragement and advice: move your front foot, bend your arm, dip that sail. After an hour or so we mostly had the rudiments of balance and steering and before long we were tacking—swinging the sail over the stern of the board and gingerly walking around the nose to change direction by 180 degrees.

Then, the worst, if most vital part of the afternoon began: self-rescue. Windsurfers get blown into places they shouldn't and when you want to head for home against hostile conditions, self-rescue is the answer. You sit down on the board, de-rig (to avoid drag), fold the sail and mast neatly—and then start paddling like hell. Utterly exhausted, we finally propelled ourselves back to the clubhouse beach, impressed and grateful for the emphasis on safety.

For my next lesson I was off to another gravel pit-turned-lake, this time in Bray, Berkshire. The set-up was similar: a class of five made up of three rather macho lads, a keen girl named Debbie, and me. Our teacher Kate, a young American who had been windsurfing for 18 months, was gung-ho, humorous and down to earth. Most important, with a force three (seven to 10 knot) wind blowing, she was reassuring: "Don't worry, you guys'll be all right so long as you don't mind spending some time in the water." We skipped the simulator, rigged-up and plunged in to get as much on-the-water time as possible before the next class 3½ hours later.

The relatively strong wind was a problem. Previously unknown muscles and tendons ached, and quick gusts sent us flying on our boards with maddening regularity. Kate goaded and coached from the boat: "That's it. You're doing real good," she would yell through the megaphone.

At this stage, and despite the wind, our confidence was growing. I now felt able to sail a course, and on the few times when I had the luck and stamina to hang on tight when a gust of wind came, the rush of speed across the lake was positively exhilarating. Balance became more positive and I felt more and more in control.

Sailing finished, Kate gave us an extensive on-shore debriefing stressing the safety code and the rules of the road. At the end of the morning two of us (including me) were awarded their Royal Yachting Association Board Sailing certificate—the first step towards proficiency. The unsuccessful were told to come back for another (free) coaching session. Everyone seemed determined to carry on: I certainly shall.

Lloyd Grossman

Roger Taylor

Helpful hints

WINDSURFING (also known as sailboarding) offers the solidarity excitements of surfing and the sophisticated challenges of sailing in a cheap (ish) and accessible form. In Britain, the Royal Yachting Association (Victoria Way, Woking, Surrey, 048 62 5022) overseas those schools offering instruction based on the guidelines laid down by the International *Windsurfer Schools.*

Eight hours of instruction should make you proficient enough to take a board out on a small lake on your own. A further 10 hours of sailing should bring you up to intermediate level.

Coastal windsurfing in sheltered areas (Poole harbour, for example) isn't beyond the expertise of those with basic board-handling skills so long as they remember to stay away from other boats (especially fishing boats), scuba divers and swimmers. More adventurous forays on the coast ought to be taken only by the skilful, in company, and by those well equipped with flares, smoke canisters and buoyancy apparatus.

NEVER venture out on an offshore wind or an ebb tide and always dress warmly. At the first sign of trouble turn back: false bravery and a stiff upper lip lead quickly to tragedy.

Windsurfers range from under £300 to over £1,000. Wet suits (vital in the hostile British climate) start at around £75. Those keen enough to want to windsurf in the winter will probably want to buy a drysuit which sells for around £175.

There are a number of books on windsurfing. The best compact volume is probably The Pocket Guide to Windsurfing, by Jeremy Evans (Bell and Hyman, £4.95).

Pre-retirement

Health begins at home

A NEW demand is emerging among the *growing* legions of retirees in Britain—good health. But getting it, according to Dr Harry Levitt, may require some tough talking to your GP.

He *thinks* that too many doctors use age as a universal excuse for not giving older people effective treatment. He says: "You go along with a bad knee and your GP says, 'What do you expect at your time of life?'

"The patient should smile, look the GP in the eye and reply, 'That is all very well my dear doctor, but the other knee is exactly the same age and it does not seem to be causing any problems at all.'"

This always produces a laugh when *Dr Levitt, a senior lecturer* for the Pre-Retirement Association since 1974, addresses groups of upcoming retirees. But is deadly serious, urging a consumerism in medicine that may not endear him to all of his colleagues.

He is equally bullish about pills and potions, suggesting people make their doctors explain what drugs are supposed to do and their exact effects and side-effects. He says patients should demand that drug names are printed out on a separate sheet of paper, together with the dosage instructions.

"The worst thing is when the GP says, 'just do as you are told and take this. I would not worry about it if I were you.' You should reply: 'My dear doctor, if you were taking this drug, I would not worry about you either.'"

Colleagues who would like to *dismiss Dr Levitt as* an awkward crank will find it difficult, for he was a founding member of the Royal College of General Practitioners and is a former chairman of its council. He was also a member of the Sainsbury Commission which investigated prescribing practices.

He believes that in order to enjoy life in retirement people must accept responsibility for the management of their own health. This affects the way the medical profession should be approached, if at all.

"Avoid doctors like the plague. They have problems dealing with patients because most of them have never been trained to listen," he says.

"Keep out of hospitals at all costs. If you are unconscious or need intensive care you will have no choice, but try and crawl out after three or four days. You will be safer at home.

"Avoid drugs. Most drugs are merely 'me too' products. About three out of 10 patients will have a serious reaction to any drug. *You have got to be* very healthy to take modern medicine. And if you have to consult a doctor, always smile. You will be taken much more *seriously.*"

Dr Nuala Sterling, a geriatrician who lectures with Dr Levitt on courses run by Millstream Pre-Retirement, says people should positively expect good health in retirement. Those who develop infirmities that people in the past would have put up with are now demanding that doctors make them better.

She *knows of cases* where old people were refusing to compromise about simple activities, such as not being able to stretch to reach shelves above head height. Rather than giving in to stiffening joints by having shelves lowered, they demand that doctors help keep them supple with treatment and advice.

Dr Levitt says: "We know very little about ageing. We don't know why some people die quickly after they retire, while others carry on hopping around well into their seventies and *eighties.*"

Being able to fend for yourself may well be a key factor in longer life in retirement. Activity itself, which in turn requires good enough health to be active, becomes vital to quality of life.

Dr Sterling believes increasing numbers of people will have a realistic chance of survival to the 80-100 year-old range. As now, most will continue to live at home.

She says only 5 per cent of the elderly live in homes and institutions now and she does not see the proportion increasing dramatically.

These trends are going to strain medical resources considerably. Understanding how to *manage* oneself towards good health is therefore advocated.

Dr Sterling says stress is one factor to minimise. "Don't have too many major life events at one time," she *states.* Since these include things like retirement itself and Christmas, other stressful activities, such as moving house to that bungalow that *you think will* make life easier, should be timed carefully.

Dr Levitt offers simple health promotion advice: "The plan should be general maintenance. Make sure you keep warm in winter and have a warm bedroom and a warm bed. Hydration is always a problem. Always replace the fluid you lose through normal activity by having at least *six glasses of* water per day.

"Watch consumption of animal fats, they cause cancer and damage your arteries. Eat wholemeal bread and put polyunsaturated margarine on it. Mix up your meat between red and poultry and fish. The best plan for diet is to have a little of everything and not too much of any one thing. Eat potatoes with their jackets on, fresh fruit, stewed fruit, prunes, a little cheese.

"Alcohol is good for you in moderation. A double whisky diluted with an equal quantity of hot water is better than taking a sleeping pill when you go to bed at night.

"Breakfast is the most important meal of the day. Exercise moderately, increasing in steps week by week. And remember that sex is not unhealthy, it is not indecent and it is not improper. It's up to a loving couple to work it out for themselves.

"Meanwhile, eyes, teeth, hearing, skin, feet are all important. Diagnostic checks are available, so use them."

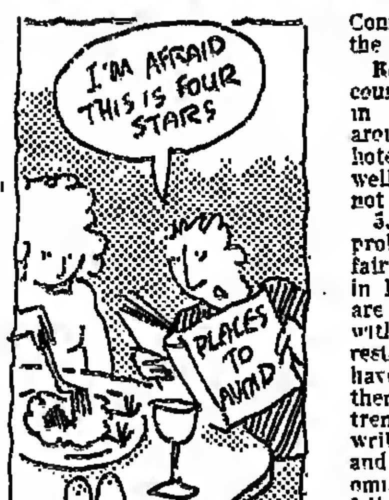
Ian Hamilton Fazey

A.B.A. Conference

Unsolicitored advice...

THE AMERICANS are coming, 20,000 of them, to add to the thousands who normally migrate to Britain at this time of year. They will tumble sleepily from their 747s today and tomorrow for the conference of the American Bar Association, a giant jamboree of the well-heeled inhabitants of the American legal jungle.

Each will clutch a dossier of guide books and hints on what to do and where to go, as well as a route map to Harrods and a wallet full of credit cards. Against such formidable documentation we locals have little defence, unless we have the chance to leave town. Perhaps County Hall, in a last convincing bid to prove the value of the GLC, should issue immediate advice to the populace on how to avoid the ABA.



1—Since mainland U.S. clocks are between four and eight hours behind those of the UK, for the first few days of the week most of the visitors will be sleepy in the mornings. Central London will be at its most peaceful at this time. Essential shopping should be completed by 11 am. The visitors will become livelier as the evening goes on. British licensing laws should put a stop to that.

Recommendation: Covent Garden for breakfast. Even on a warm day it is easy to get an outside seat and watch the world go by.

2—The ABA has chartered hundreds of buses and more than 4,000 London taxis. Road travel, particularly in the main hotel strip running round Hyde Park, is going to be difficult. Avoid appointments in this area unless they are accessible by Underground. There may be some delightful Cockney exchanges between coach/taxi drivers parked in the bus lanes of Park Lane and London Transport bus drivers trying to use those lanes.

Recommendation: If you are unused to the tube and do not have a Red Ken Special (a photo card), buy a daily London Explorer. You buy them after 10 am when they cost only £2 and give you the run of the bus/tube system for the whole day.

3—Places to avoid, the Albert Hall on Monday; any High, Crown, County or Magistrates Court from Tuesday to Friday (on each of those days 500 visiting lawyers and spouses will be looking at how the UK legal system works); St Katherine's Dock on Tuesday and Harrods on any day. The gardens of the Inns of Court will have tented space for parties of 8,000 people on Tuesday, Wednesday and Thursday evenings. From these parties, groups *are* likely to spill into Covent Garden which, other than in the mornings, is likely to be overrun. Every guide book raves about it and it is between the Inns of Court and the hotel area.

Recommendation: Harvey Nicholls is a nicer store than Harrods (for the moment) and few tourists know about it. On a warm evening the Charlotte Street area, the heartland of Greek food in the capital, makes for pleasant perambulatory territory.

4. Some 128 London hotels are being used. Even sniffy locations like the Berkeley, the Dorchester and Claridges have been their normal "no tour groups" policy for the ABA. Non-ABA high-spots include the Connaught, the Stafford and the Capital.

Recommendation: Take a country break while the ABA is in town. Visit London from around the 22-29th when the hotels will have waved farewell to the lawyers and may not yet have filled the gap.

5. Dining out is going to be a problem, particularly in Mayfair, around Marble Arch and in Kensington. Obvious targets are going to be any restaurant with a *Michelin star,* hotel restaurants (Americans don't have the same aversion to them as Europeans) and the trendier establishments that get write-ups in airline magazines and the New York Times—epitomised by Langans. Fulham and Islington may also suffer since these are areas much favoured by London lawyers who may wish *to show off their* local eateries.

Recommendation: Victoria and Pimlico are off the ABA trail. Try eating there. While keen on Greek and Chinese food, U.S. taste buds are less attuned to Indian food.

6. There is an ominous note in the ABA schedule which talks of nightly organised pub crawls with the pubs "*selected for* their individuality and their charm. They are well off the beaten track, hidden in the nooks and crannies of old London." We get some hint of where these nooks and crannies may be with the line "beautiful views of the River Thames."

Recommendation: Stick to modern pubs well away from nooks crannies and the Thames. If you like the river, choose somewhere that is difficult to reach by coach—Hammersmith's waterside trio, the Dove, Rutland and Blue Anchor, for example. Try wine bars. Tourists have yet to discover them.

7. On Sunday the conference breaks up. Two major business sessions are scheduled, however, for Edinburgh and Glasgow. Those two cities will have their own problems on July 21-23.

Recommendation: Stay in London.

Arthur Sandles

Gardening

Semi-natural variations on a watery theme

I HAVE only had a pond for two and a half years and have been observing with fascination things that before I only read about or saw in other gardens. My pool is semi-natural in that it was dug beside a stream which supplies it with water and it has no lining of any kind. In 1983 water flowed freely all the summer, but last year there were great variations in the flow and for a few weeks in August and September the stream dried up completely and most of the water in the pool slowly seeped away into the stiff clay subsoil.

Before this it was interesting to note the effect which the changing rate of flow had on the colour of the water. When the flow stopped or was very slow the water became cloudy: there was a rapid clearance directly the flow increased. I knew the cloudiness was a concentration of the microscopic plants known as algae, and at first I thought the rapid clearance was mechanical, the current sweeping the algae over the dam, downstream. This may have been part of the explanation but, having just received *The Stapeley Book of Water Gardens* by Stanley Russell (David and Charles, £10.95), I realise that it was caused also by the changing level of mineral salts in the water. When there was no movement of water, salts dissolved from the exposed soil rapidly increased and the algae multiplied on this rich supply of food. When the *flow* resumed, the salts were quickly diluted and the algae were starved out.

Another controlling influence is light. If strong, algae multiply rapidly: if weak, the rate of increase declines. My pond is surrounded by trees, only the north side being fully open. The amount of light cannot vary greatly in summer when the trees are in leaf, but few overhang the water, which is almost completely open to the sky. This must be ideal for *many* plants but *not for* algae.

Because of the danger of too high a level of mineral salts in the water, pool owners are constantly advised not to use manure or fertilisers. Mr Russell adds that, if plants do require feeding, one of the special aquatic plant fertilisers, perhaps in the form of tablets, should be used. *The Ward Lock Book of the Water Garden* by *Phillip Swindells* (Ward Lock, £6.95), takes a slightly different view: water lilies and marginal aquatics are heavy feeders and require regular treatment if they are to prosper. Mr Swindells is in charge of the Northern Horticultural Society's garden at Harlow Car, Harrogate; he seems to see the fertiliser problem as getting it to the plants rather than into the water, and suggests using special sachets of aquatic plant fertiliser pushed into the containers beside the plants.

As a home-made alternative he *suggests mixing* a handful of coarse bonemeal with sufficient wet clay to bind it into a large "pill" which is then pushed into the soil beside the plant. He regards feeding as important for marginal plants, believing that floating plants and submerged oxygenators get most of their nourishment direct from the water.

He also *points out* the important role that oxygenating plants play in reducing the growth of algae—plants that grow in the water and, during daylight, release oxygen into it, so helping to keep it fresh. They also use a lot of mineral salts and so, if they are plenty and thriving, they tend to starve out algae. He thinks the most efficient of these plants are the common fish weed, Lagarosiphon major, often called Elodea crispa: but Stanley Russell specially commends Tillaea recurva, a plant I do not know. He describes it as making a dense green carpet which retains its colour throughout the winter and is a good green food for fish.

When my pond dried out and the water lilies looked like tired border plants, I expected them to die or at least to be seriously weakened. When I mentioned this to a gardener with much greater experience of such semi-natural ponds, he laughed and assured me that the pl*ants would grow with* even greater vigour. He is perfectly correct. This is also true of the pretty water fringe, Nymphoides peltata, a plan which appears much more fragile than a water lily but which nevertheless spreads fast. In the spring I watched for it in vain, but I had not realised how late it is in starting growth.

Now it covers at least four times its area last year and looks well on course to double that. I like its little heart-shaped leaves floating on the surface, and fringed buttercup yellow flowers.

One of the things that surprised me was the speed with which plants establish themselves in and around the pond. It was excavated in February, planted during the next three months and, by midsummer, was beginning to look quite respectable. Now in its third year, it needs some thinning—especially where I have planted filipendulas, rodgersias, kingcups both single and double flowered, yellow *flag iris, goat's beard* (*aruncus*), various primulas, a little comfrey with terracotta and white flowers which was given to me without a name, and Polygonum campanulatum, another romper which is surface-rooting and so can be dragged out without too much trouble if it strays too far.

A few weeks ago a pair of moorhens chose my pond *as* a nesting place and I look forward to seeing the chicks. Mallards occasionally visit the pond but none has stayed for more than a few days. Perhaps the moorhens will encourage them. It would be yet another pleasure added to those I have already enjoyed from water gardening.

Arthur Hellyer

Sterne appeal for maverick wit

FORMING the full stop to a perfect, gradually sloping north Yorkshire village street, is a long, low house dominated by a vast chimney stack. Built partly of stone, partly of warm old brick, and roofed in gigantic stone slates, it is the image of the English vicarage. Shandy Hall, as Laurence Sterne immediately called his new home in 1760, is in Coxwold and since 1973 it has been open to the public *as* the *home and* workplace of one of the most dazzling virtuosi in the English language.

The year that Sterne was given the living of this parish (with, inevitably, the convenience of a curate to take the duress out of the job) was also the year of publication of the first two volumes of *Tristram Shandy* and the beginning of Sterne's publicly acclaimed career as a literary maverick, popular and derided in equal measure.

From his study in this house —where he lived between interludes on the Continent and in London — the remaining volumes of *Tristram Shandy* and *A Sentimental Journey* were written, and it was here that "good air, a quiet retreat and quiet reflections along with it" pulled him back from his *endless, near-fatal* bouts *of* tuberculosis.

The house, with its invaluable collection of manuscripts, Sterne editions and contemporary literature, is the subject of an appeal launched this week—backed by the University of York—which aims to raise £400,000 to buy the collection (which belongs to the restorers of the house, and present honorary curators, Kenneth and Julia Monkman) and endow the house for the indefinite future.

When restoration took place in the late 1960s (the house had previously been rotting and virtually derelict) it was discovered that the core was a 15th century hall house, complete with screens, passage and wall decorations. On to that had been grafted the improvements of 17th and 18th century occupants.

With oak panelling and stone slab floors, the atmosphere is that of the yeoman farmhouse—comfort and utility hand in hand. Surrounded by a walled garden, beautifully replanted in recent years, it has an intimacy and a sense of peace that underline Sterne's sense of the place as a retreat quite as vividly now as then.

Gillian Darley

CHESS

WHEN Britain's leading grandmaster, John Nunn, is asked to name his chess club, he replies "Hamburg"; for Tony Miles, the *answer is "Porz."* Nunn and Miles are prime examples of the trend for our best players to commute to the professional leagues of West Germany and the Netherlands, whose teams view the biennial all-Europe Cup as a pinnacle of achievement and as a chance to match skills against the Russians.

The *West German Bundesliga,* backed by official subsidy, is the leading club competition in Europe. Sixteen teams meet in an all-play-all league at weekends and as well as the Britons the top boards include Spassky and Hubner. A second division of 40 teams plays in regional groups.

Porz and Solingen are sponsored by millionaire industrialists, Hamburg by the Holstein brewery; at least some of their costs can be offset against tax. In both the Netherlands and *West Germany, chess is listed* as "mental sport" and so comes within the ambit of official sports bodies, in contrast to Britain.

Because of this differential status, British teams have performed poorly in the European Cup, but better days lies ahead. Legal and General has sponsored this year's national competition with a £1,000 first prize, plus a grant for the winning team's European campaign.

The semi-finals and final at the Great Eastern Hotel, Liverpool Street, today and tomorrow (10.30 start both days, free spectator admission) brings together the country's four best teams—Oxford and Cambridge universities, Kings Head, and Streatham from London.

Whoever wins should do well in *Europe*—but if a British club is to take the trophy, it will need to bring back Nunn and *Miles.*

White: R. Seppeur (Bamber). Black: J. D. M. Nunn (Hamburg). Bishop's Opening (Bundesliga 1985).

1 P-K4, P-K4; 2 B-B4.

An imaginative ploy at the start: White uses one of Nunn's own favourite openings.

2 . . . N-KB3; 3 P-Q3, N-B3; 4 N-QB3, B-N5; 5 N-B3, P-Q3; *6 0-0, BxN; 7 PxB, B-N5; 8* P-KR3, B-R4; 9 R-K1.

White overrates his queen's bishop; better is 9 B-KN5, P-KR3; 10 BxN.

9 . . . Q-Q2; 10 B-QN5? P-QR3; 11 BxN, QxB; 12 P-B4, P-QN4!

Seizing the initiative; from here on White's Q-side is under pressure.

13 P-N4, B-N3; 14 PxP, PxP; *15 P-R3, N-Q2; 16* R-N1, *N-B4;* 17 R-N4, 0-0; 18 P-B4, KR-N1; 19 N-R4, PxP; 20 RxP, P-Q4! 21 R-B3, Q-Q3.

Now White should try 22 PxP, with an inferior but defensible position; he misses Nunn's original concept to create the QB6 square as a winning outpost.

22 Q-B3? P-Q5! 23 R-B4, R-N6; 24 NxB, RPxN; 25 R-Q1, *R-B6!* 26 RxR? PxR; 27 P-Q4, PxP; 28 P-K5, Q-Q1; 29 RxP, QxR; 30 QxR ch, K-R2; 31 B-K3, QxB! 32 PxQ, P-B7; 33 Resigns.

As several readers spotted, problem 574 is cooked by 1 B-N2, 2 N-B3, 3 N-Q2, 4 K-K2, and 5 NxB or by 1 B-N2, 2 N-K2, 3 N-Q4, 4 K-Q2 and 5-Q-B2.

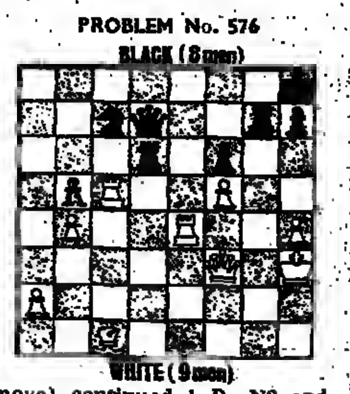
Hubner v Fahnenschmidt, West German club final 1974. Grandmaster Hubner (White, to move) continued 1 B—N2 and later drew. "There was no way to exploit Black's back row" he explained. Several expert spectators were unconvinced and claimed White had "a clear forced win" in the diagram.

Who was right?

Solution, Page XIV

PROBLEM No. 576

BLACK (8men)



WHITE (9men)

Leonard Barden

BRIDGE

WHAT A sensational start I had last week to a session of *partie five.* This was the first hand of the afternoon:

N
♠ —
♡ J 9 6 5 3 2
♢ K 6 4
♣ K 5 4 3

W
♠ A J 9 8 6 3
♡ Q 8
♢ Q 9 5 2
♣ 7

E
♠ K Q 10 2
♡ —
♢ A J 10 8 7 3
♣ Q 9 8

S
♠ 7 5 4
♡ A K 10 7 4
♢ —
♣ A J 10 6 2

East dealt and bid one diamond. I overcalled with one heart. West said one spade, my partner raised to four hearts, and East bid four spades. I said five hearts — to show clubs is a mistake — and West competed with five spades. This was passed to me, and I pressed on with six hearts. After two passes, East bid six spades. Now in these competitive situations I always bid "one more" so I said seven hearts. That was not the right bid. I should have said seven clubs (or even seven diamonds) to give my partner a safe lead in case the opponents bid seven spades. However, East doubled, and all passed.

West led the spade Ace, ruffed in dummy, and the Ace, King of hearts drew trumps. To learn more about the hand, I ruffed another spade on the table, and returned the four of diamonds. East, thinking that I might have the singleton Queen, *played his Ace — it did not* cost anything — and I ruffed. After ruffing another spade, on which East dropped the Queen, I cashed the diamond King, and ruffed a diamond. West following with five and nine.

At this stage I placed East with four spades and six diamonds, and therefore with three clubs. I crossed to the club King, returned a club, finessing the Knave, and the slam was made.

East-West should have followed my rule — seven spades is only one down against a club lead. Against a heart lead it is a make.

This hand, also from rubber bridge, occurred a few years ago:

N
♠ 7
♡ J 10 9 7 5
♢ A K 5
♣ A 6 4 3

W
♠ A K Q J 10 8 6
♡ 2
♢ 10 3
♣ 9 8 7

E
♠ 9 4 2
♡ 6 3
♢ Q J 8 4
♣ J 10 5 2

S
♠ 5 3
♡ A K Q 8 4
♢ 9 7 6 2
♣ K Q

East dealt at game to North-South. South opened with one heart. West overcalled with four spades, and North's raise to six hearts concluded the auction.

West led the spade King, and switched to the diamond ten. South won with dummy's King, East dropping an encouraging eight, crossed to his eight of hearts, ruffed his losing spade on the table, and drew three rounds of trumps. It was clear that only a squeeze could save the contract, a minor squeeze against East, but with East discarding after dummy and the block in clubs, an automatic squeeze could not operate.

Cashing the club King, South played his last trump, throwing dummy's diamond five. At this stage East, who held Queen, Knave of diamonds and Knave, ten, five of clubs was caught in a criss-cross squeeze. If he threw a diamond, dummy's Ace would be cashed. South would cross to his club Queen, and score his good diamonds. If he threw a club, South would cash his Queen, cross to the diamond Ace, and make two good clubs.

E. P. C. Cotter

How to be chic and cheerful in Paris

On the avenues of the world's most romantic city, you see them all about you . . . women with the touch of class that just oozes money. But most are only ordinary people—so what's the secret? In the second of two reports, we look behind the facades.

Lucia van der Post

HOW TO SPEND IT

HOW DOES she do it? The glossy Parisienne with her fashionable droopy dress, her new flat shoes and with her freshly waxed legs looks as if she has walked straight out of a hairdresser or a beauty salon. Her cellulite has been pummelled away and from the spring in her step you can tell her feet have recently enjoyed a "pedicure medicale."

Yet she's probably a secretary living on limited means, or a housewife struggling to make ends meet. She wears Agnes B linen, or Issy Mikiyaka with expensive accessories. Even her plimsolls are chic. She may well have an Alexandre haircut, her pores may be courtesy of Carita, but you can bet your plastic sandals its all done on the cheap.

Every French girl has her "astuces." The Parisian survival kit is made up of "bon trucs." For some, it may be eating foie gras and lobster at bistro prices in specialist restaurants like "Au Cru de Bourgogne" in the First Arondissement, run by the mountainous Madame Larcier et Ses Enfants (the latter being two skinny, harassed ladies of a certain age). Or it may be the clever dressmaker living in a "chambre de bonne" around the corner, who can run up a wardrobe of children's clothes using designer fabrics from factory shops.

For many, though, the first priority is a trip to the "stocks" or clothing discount stores which offer designer clothes at up to half price. The stocks tend to be found far from stores like Au Printemps on bustling Boulevard Haussmann, in the grimy 14th Arondissement, in particular rue d'Alesia, in the Marais, or down by the Gare d'Austerlitz.

The stocks vary in quality. Sometimes they seem to have garments so dated they are not worth buying at even an 80 per cent discount. But at **Daniel Hechter**, for instance, at 16 Boulevard de l'Hôpital in the 13th Arondissement, opposite the Gare d'Austerlitz, there are shirts at FFr 130, men's suits at FFr 800, long narrow skirts in cream wool for FFr 300 and classic trench coats for around FFr 600. With the £ st around FFr 11, it's really not at all expensive by any standards. An excellent range of children's wear is also available. There is no need for a trade card or "laisser-passer" and the shop shuts at lunchtime.

At **Emanuelle Khanh** at 6 Rue Lescot at the edge of the Halles shopping centre, there are both men's and women's clothes. You climb to the first floor where there is a notice inviting husbands to wait outside so as not to embarrass other men's wives who may be trying on clothes. The embroidered and scalloped white cotton which is the hallmark of Emanuelle Khanh is there in abundance. There are also simple silk bustiers for FFr 350, raw silk shirts for the same price, floppy linen jackets for FFr 390 and the new collection of leather lumberjackets at FFr 2,100 and leather skirts from FFr 1,300. The shop is open from 10 am to 7 pm.

Also in the Marais is **Agnes B**, where upstairs at 3 Rue du Jour you can find long narrow dresses in white linen for FFr 780 and pink or grey tee-shirt dresses covered with what the French call "pois," which somehow sounds more attractive than spots, for FFr 280. In the basement there are end-of-the-line discounts where young-style bargains are to be had.

Over in the 9th Arondissement at 65 Rue Montmartre you will find **Mendès Saint Laurent**—here he sells the model garments used in the collections, the leftovers from the previous season. There are no private changing rooms and no advice from helpful assistants but at prices that are usually less than 50 per cent of full retail price, it is worth putting up with less than perfect conditions.

Nearly every well-known clothes designer has a shop like this, from Nina Ricci to Cacharel or Jean-Louis Schemer. They are listed in the Gault et Millau guide to Paris, which is an indispensable source of information on anything from swimming pools to bus tours or wedding dresses.

There are other shops, too, which offer more housewifely bargains. Just off the rue de Rivoli, at 5 rue St Martin, is **Texaffaires**, which has sheets, towels and table linen at up to 50 per cent off the retail prices. Particularly good value are the Descamps range by Primrose Bordier, whose towelling dressing gowns are on offer at half price and whose children's bathrobes are selling at FFr 125. There is also a good looking sportswear and tracksuit range in towelling, starting at FFr 180.

A few steps down from Texaffaires are the two stores where Parisians go for bits and pieces of hardware, and especially "les gadgets." These are the **Bazar de l'Hotel de Ville** (BHV) and the **Samaritaine**, both of which are reminiscent of the late lamented Gamages in High Holborn, of which it was once said "many people come in, but some never find the way out again."

In the BHV there is an astonishing choice of small machines for helping to maintain the body beautiful, from cordless hair stylers to slimming machines and from sun beds to face steamers. Oddly enough, next to the electronic blood pressure monitor were displayed a pair of electrical dog clippers. In short, there is everything for the home, the garden, the second home and the garage. It's a bricoleur's paradise.

The Samaritaine is very similar, with some good bargains in cooking pots—its a good place to look for a fish kettle—or if you need artificial flowers there is a room full. In the textiles department, Samaritaine has thick linen sheets made in the Vosges mountains, at from FFr 300 for a linen-cotton mixture called métis, to FFr 700 for the pure linen.

In the store's clothing department it is well worth looking at workmen's overalls, chef's uniforms and men's underclothes, all of which tend to crop-up as fashion items in French magazines and which have the added virtue of costing very little. One of my best dressed French girlfriends keeps a pair of paper overalls in her kitchen, bought from the paints department of Samaritaine, and slips them on over her Saint Laurent as she copes with the finishing touches to one of her elegant dinners.

The pressures of living in Paris are not just on the pocket; saving time is just as important to the distraught Parisienne while she fights her way through the days of "metro-boulot-dodo." Living as she often does in a tiny apartment with a galley kitchen and a cooker that has to double as a work surface, she makes good use of the "traiteur" to be found in every quartier, who prepares food for any occasion ranging from "le snack" to lavish entertaining.

The local restaurant will sometimes supply, and even deliver to your door, either one course or a complete meal. Fishmongers will certainly prepare beautiful "plateaux des fruits de mer" that are worthy of the most expensive restaurants and the local baker will be happy to roast large joints or turkeys which will not fit into the typically small French oven

Every quartier of Paris also boasts an enormous choice of places where both men and women can keep up their well groomed images. It is very easy, and not at all expensive, to have regular face cleaning sessions to squeeze out the pollution, or to pop in for a manicure before a party, and to strip off superfluous hair at regular intervals.

Even this beautifying is getting easier as the black economy grows and the hairdressers go in for moonlighting. On a busy day in the 16th Arondissement, one of Paris's most clued-up women was having her nails done while she talked on the telephone. The girl who had come in to work on them used to work in a salon, but now she goes only to people's houses.

Before lunch the same girl helped my friend to do a quick touch-up job on her depilation, protecting the carpet with a plastic dustbin bag. Later in the afternoon, after more telephone calls and before rushing to the airport, a tall young man with long blonde hair appeared to trim and style her hair in her own bathroom. In a salon the client would find herself paying about FFr 700 for his service, but this young and sought-after coiffeur prefers to work "à domicile." He charges around FFr 250, will also go to hotels and his telephone number is 501 9279. Just ask for Siegfried.

Pamela Readhead

Ashley Ashwood

Les Jardins de Bagatelle in the Bois de Boulogne

Eating out

BOOKS HAVE been written on the subject of how and where to eat in Paris. Here, I can only pick out a few of my own discoveries. If it's the food and the price you mind about, avoid the cafes with the pretty umbrellas in the main tourist areas—for a coffee and a Croque-Monsieur in a bar on the Champs-Elysees you will pay as much as for a meal in a little bistro du quartier.

Some cafes, though, are worth it *just* for the passing scene. If you are shopping in the fashionable area of the Rue de Grenelle, Rue du Cherche-Midi, take a reviving glass of Sancerre and a plate of cheese or saucisson in Le Sauvignon, a tiny bar on Rue des Saints-Pères, and watch the world go by. **Cafe de Flore** or **Aux Deux Magots** are still good value for giving you a comfortable perch from which to watch the St Germain parade. The food at **Brasserie Lipp**, on the opposite side of the Boulevard St Germain is no great shakes, but if you can get a table on the ground floor (difficult because the waiters have an immaculate nose for the visting tourist whom they treat with contempt and usher upstairs where you will not hear a word of French and certainly never see any of those politicians the Brassarie is said to be famous for) it is worth it because of the inimitable atmosphere. As one guide put it: those who are obliged to eat upstairs don't talk about it.

If you are shopping around the smarter areas of the Right Bank, the **Bar Theatre** in the Avenue Montaigne is a chic place for a quick snack or light meal at any time of day but also late at night after the theatre.

The hottest restaurant in Paris at the moment is **Lucas-Carton** at 9, Place de la Madeleine where Alain Senderens, the chef who made l'Arcbestrate the most difficult-to-get-into restaurant in Paris, is repeating his successful act. Tables for dinner usually need to be booked about a month in advance so I never made it but the food they tell me is sublime. Reckon on about £50 a head without wine.

Taillevent, 15, Rue Lamennais, 8e, my Parisian friends report, is the most notable of the grand restaurants, whilst **Au Trou Gascon**, 40, rue Taine, in the 12th arrondissement, offers a marvellous mixture of lively atmosphere, delicious food (mixing provincial southwestern food with touches of nouvelle cuisine) and a vast selection of fine wines.

A good businessman's restaurant is **Chiberta**, 3, rue Arsene-Houssaye, 8e, just off the Champs-Elysées — chic, busy and with original nouvelle cuisine food. Just up the road from the Quai d'Orsay is the **Bellecour** at 22, rue Surcouf, 7e offering Lyonnais cuisine and some of the best value around.

For refined and delicate fish and other nouvelle cuisine delights go to **Ma Cuisine**, 18, rue Bayen, 17e and for a busy lively brasserie atmosphere and a wonderful plateau de fruits de mer there is **Le Vandaville** at 29, rue Vivienne, 2e, just opposite the Bourse—if you don't book, be prepared to queue.

For a whiff of old Paris try the **Polidor**, 41, rue Monsieur-le-Prince, 6e, or **Le Petit Zinc**, 25, rue de Buci, 6e—two bistros with genuine atmosphere where you can eat well without breaking the bank.

For tea go to **Angelina**, 226, rue de Rivoli, opposite the Jardin des Tuileries—real chocolate is used to make the richly delicious hot chocolate and it's the best place I know to recover your zest for another assault on the galleries or "le shopping."

Out of doors

Hidden away in the garden of the Palais-Royal are two restaurants where on a sunny day they bring out the parasols and you can enjoy being out of doors without the whiff of petrol fumes in your nose. Neither are grand or expensive but they could make a refreshing stop in your day. There is **La Caudriole** offering a simple menu at FFr 120 while higher up the **Muscade** offers a FFr 100 menu with specialities like Brandade de Morue or Blanquette de Veau.

If you are feeling like lashing out and getting dressed up, go to the **Ritz-Espadon** in the Place Vendome where you will be wonderfully looked after and can eat the sort of food that goes with out-of-doors—simple grills of sea bass or turbot, preceded by asparagus and followed by fraise-des-bois.

Or try **Les Jardins de Bagatelle**, parc de Bagatelle in the Bois de Boulogne where you can eat facing the little pavilion of Napoleon III—light, simple food at about £20 a head.

La Closerie de Lilas, 171 Boulevard du Montparnasse, is lovely for a romantic dinner for two—you can eat inside or out and, though the food is nothing to rave about, it has a special atmosphere.

Food shops

THE GREAT thing about Paris is that people still live in their quartier, so every quartier has its own food shops, its delicatessens selling the sort of thing that in Britain you can only find in Harrods or a Soho speciality shop.

For La Grand Bouffe, however, a visit to the Place de la Madeleine is a must. The windows of **Fauchon** at No 26 are sight that must been seen once in a lifetime—giant turbot stuffed with layers of spinach and sorrel, coated in sauce and then decorated, stuffed chicken en croûte (FFr 45 a piece), langoustines, crabs, pâtes and terrines, the colours and shapes so dazzling it seems more like a still-life than food. However, go inside and you will find wonderful things to take home—jars of mustard, small soufflés ready to cook in heat-proof jars, a collection of oils and vinegars to please any gourmet, no matter how modish. Across the road you can choose your own cake or patisserie and eat it at the bar with a cup of coffee. Prices are high—you can certainly buy cheaper but a Fauchon label has a definite cachet.

On the other corner is **Hediard**, offering lovely honeys, fruits so exotic that even I, born in the tropics, had not come across them all, and pure fruit purées (passion fruit, myrtille, etc) in bottles which make excellent sorbets and therefore excellent presents to take home. Hediard has a small but elegant restaurant on its upper floors where you can eat a small but elegant meal in the Hediard style.

Then at No 19 comes the **Maison de la Truffe** with, as you might suppose, more delights for the greedy—truffles and foie gras, tinned pâtes and terrines. Not cheap but small enough to cart home.

Scoop up caviar next door at **Caviar Kaspia**—or smoked salmon, trout eel or sturgeon.

A l'Olivier, 77, rue Saint-Louis-en-l'Ile, 4e is a delightful shop specialising in oils of every kind, from finest extra virgin to coconut oil and palm oil. Look out, too, for its vinegars, ranging from raspberry to "de vin blanc de Champagne." You'll never feel quite the same about oils again.

For chocolates go to **Fouquet**, 22, rue Francoise-ler, 8e where all these "ruineuses douceurs" as Gault Millau describes them, are made by hand, or to **Lenotre**, 44, rue d'Auteuil, 16e where the chocolates are quite simply some of the best in the world. If you're wandering around the Place de la Madeleine you could also rest assured that those sold by the **Marquise de Sevigne** at No. 32 are of the highest quality.

BERTHILLON, 31 Rue Saint-Louis-en l'Ile, Paris 4. If you can stand the queues—and even in mid-winter they are usually lengthy—it is generally agreed to serve the best ice-creams in Paris. Several Paris restaurants and cafes serve the ice-cream and sorbets, if you really can't face the queue.

Night life

PARIS has the great advantage over London of seeming to be alive until well into the early hours. Bars and cafes stay open much later and for a touch of luxe you can always start off with a drink at the **Crillon Bar** if you cannot afford to stay there. A trip up the Eiffel Tower at night is a must if you have never done it—avoid the crowds waiting for the lift by going up to the **Jules Verne** restaurant bar where, for a price, you can sip a drink and look at the sights.

The food at **La Coupole** in Montparnasse was disgusting last time I tried it, but a late-night visit is worthwhile just for a view of the passing scene.

Of all the night shows **The Crazy Horse Saloon** at no, 12, Avenue George V, is reckoned to be the best, the most sophisticated, the most fun. Don't go there to economise. Remember, to book and prepare to enjoy yourself.

Lucia van der Post

Of grills and grilles

IF THIS is the summer you're going to try your hand at barbecuing, you could well spend anything from £10 for a simple double Hibachi grill to well over £500 for a portable charbroil gas wonder that does everything but actually provide the meat. Simplest and neatest-looking of all, though, are the ones that are an integral part of the garden or patio itself, built in with camouflaging brick to look natural and quite at home.

Those who are skilled at such things can design their own version (Sainsbury has just published a very useful guide to barbecues and barbecuing for just 39p and included in the booklet is a design and instructions for building your own) but the less skilled can be lead by the hand by Black Knight.

Black Knight is the market leader in the world of home-built barbecues and their simple kits provide everything the keen outdoor cook might need—except the bricks (remember to use fire bricks, not soft house bricks, which may crack). In the kits are the grids, grills, trays, rotisseries, supports, book of instructions and, should you be bereft of ideas, recipes. Since I last looked at the Black Knight range the number of kits has expanded to include a circular free-standing brick design, a giant size (43½ in by 17 in) oblong one and a gas-fired barbecue as well as the two standard three sided oblong kits.

Prices range from £49.90 for the smallest (17½in x 15½in) but this includes a rotisserie, up to £105 for the gas barbecue with self-ignition and a double burner. However, the largest of the barbecues on offer—BK8—measures 43½in x 17in, needs 133 bricks, and costs just £49.95 (without a rotisserie).

Black Knight barbecues are to be found in most garden centres and garden departments of large stores.

I travel not to go anywhere, but to go

FOOTSTEPS: ADVENTURES OF A ROMANTIC BIOGRAPHER
by Richard Holmes. Hodder & Stoughton, £12.95. 287 pages

RICHARD HOLMES begins by describing a journey on foot through the Massif Central along the route of Robert Louis Stevenson's *Travels with a Donkey in the Cévennes*. Holmes was only 18 at the time, but already exhibits that obsessional curiosity about the life and work of certain writers which is the unifying spirit of *Footsteps*.

At times Stevenson's 1878 journey seems more real to him than his own. He indulges in Stevenson's passion for camping out under the stars. He compares Stevenson's journal and the published version of his *Travels* as he passes through the same hamlets and villages. He tells us how he discovered the importance of Fanny Osbourne to Stevenson's Cévennes journey, and he relates the progress of his own increasingly odd psychological state, induced by his immersion in Stevenson and his solitude.

Looking back on that journey with its hallucinations, vivid dreams and sudden depressions some 20 years later, he regards it as his initiation into the "biographic process." He experienced a strong and unexpected self-identification with Stevenson. This was further complicated by his new awareness of the past as "another country" full of tangible presence for the biographer.

This feeling can lead to the deceptive belief that one has "pinned down" a character from the past which is shattered once one looks at the intricate web of relationships within which that person lived. Here is where the need for contemporary third-party evidence in the forms of letters, journals, to objectify one's imaginative intuitions comes in.

Holmes pursues the biographical process with ever-increasing sophistication and academic expertise, yet never loses touch with his own imagination and intuition. His interest in a character usually grows out of some event in his own life which has a strong emotional or intellectual effect on him. Like all good Romantics, it is often difficult for him to untangle his emotions from his intellect.

His excitement at the events of May '68 in Paris send him off on a second biographical excursion which examines the part played by English intellectuals in the other *French Revolution*. He finds what he is looking for in the writings of Mary Wollstonecraft. His chapter on her is full of interest, but as he admits himself, it is inconclusive because her own personal tragedies overshadow her revolutionary experiences.

But through her daughter, Fanny Imlay, she leads Holmes to Percy Bysshe Shelley, who was the subject of his excellent biography, *Shelley: The Pursuit*. The account given here of the research in Italy which preceded its writing and the amount of investigation — academic and imaginative — needed to sort out the relations in the Shelley ménage is every bit as gripping as one would expect.

After Shelley, Holmes wanted a break from biography and went to Paris to write fiction. He took a part-time job teaching English to schoolchildren, and tells us that "The rumour ran among the ten-year-olds that Monsieur Holmes was directly descended from 'Le Grand Sherlock'."

Like most of Holmes' jokes and asides, that is an extremely telling one. This final chapter is about his study of the visionary poet Gérard de Nerval, whom most people know as the man who walked a live lobster on a blue silk ribbon through the gardens of the Palais Royal. The detective work involved in Holmes' pursuit of Gérard de Nerval is indeed worthy of his namesake. Nerval was mad, but he was also a very fine writer. Holmes' search for the motive of Nerval's suicide leads him to the brink of madness himself, and it is only the intervention of his eminently sensible friend, Francoise, that sends him back to England with the germ of this book in his mind.

Romantic biographers, it seems, have a great need of sensible friends. Fortunately for us, Richard Holmes has been courageous enough to brave the extremities of his profession and come back with a fascinating report which provokes a wealth of speculation on the nature of modern biography.

Alannah Hopkin

Fervour of the Revolution: street violence and looting in Paris, 1968 and 1792

Fiction

Matters vital to civilised survival

A PERFECT PEACE
by Amos Oz. Translated from the Hebrew by Hillel Halkin. Chatto & Windus £9.95. 374 pages.

THE TENEMENT
by Iain Chrichton Smith. Gollancz £7.95. 159 pages.

SECOND MARRIAGE
by Frederick Barthelme. Dent £9.95. 184 pages.

THE DOUBLEMAN
by C. J. Koch. Chatto & Windus £8.95. 326 pages.

CALL IT A CANARY
by Peter Tinniswood. Macmillan £8.95. 234 pages.

AMOS OZ is, together with Yehoshua and Appelfeld, the most interesting living writer in Hebrew. *A Perfect Peace* was published in Israel in 1982; now it arrives in a very fine translation. Like much fiction from Israel, it is important as a historical document as well as a novel. Some Hebrew novels are less novels than intelligent documents; but this one is important in both senses.

It is set on a kibbutz in the 1960s. One of the protagonists, Yonatan Lifshitz, wants to escape from his surroundings, which he finds monotonous. The other, Azariah Gitlin, wants above all to be accepted as a kibbutznik.

What is excellent about *A Perfect Peace*, its author's finest book to date, is that it has been generated not by theoretical considerations, but by a gifted imagination. These two men are people, and very interesting ones. It is no more than a tribute to Oz's artistic powers and integrity that their fates, and how they feel and think, are matters possibly vital to the survival of a civilised West. Oz is one of the leaders of the Peace Now movement, and daily seeks intelligent accommodation with Arabs of good will like himself.

The book is written in what might be called a Russian rather than an English mode; it has an epic sweep, a mighty grasp of the complexities especially suffered (one might say) by Jews living in Israel. It is sad, funny, except in characterisation, above all hopeful in its intelligent vitality. But it is mercilessly exact: it omits nothing that might seem to be to its disadvantage. Here is an important, heart-warming, frightening novel which demands to be read by conscientious people.

Iain Chrichton Smith, who writes in Gaelic as well as in English, is one of the five or six living British poets really worth reading. He is also an excellent novelist, somewhat neglected in that respect by reviewers and critics. This is his tenth novel (there are some collections of stories, too). It is one of his best, demonstrating all this quiet and meticulous writer's strengths: refusal to manipulate his material to the pleasure of uncritical readers, compassion, and a newly-found sense of humour.

The Tenement is a chronicle of desperate lives lived in a century-old block of flats in a Scottish town. Each of the inhabitants is utterly "ordinary"—and Chrichton Smith shows how extraordinary that is. The book *looks like an exercise in neo*-naturalism. In fact it is carefully underpinned by a complex and compelling religious symbolism. It is eminently readable, especially for almost shockingly exact dialogue. It is a most elegant and accomplished piece of work by one of the most consistently excellent writers of his generation.

Second Marriage, Frederick Barthelme's first novel, comes from America on the heels of a much-praised collection of stories satirical of the Playboy ethos. It is an ultimately moving tale of what I should call a victim of pseudo-feminism: Henry's ex-wife moves in with his present wife and suggests he take off.

He does. The result, told in Henry's own narrative against a background of parking-lots, convenience foods and brittle ersatz entertainment, is not much short of tragic, although there is plenty that is comic on the way. If the novel is empty, that is only because Barthelme (not to be confused with Donald Barthelme) is at pains to show what happens to people who cut themselves off from their own emotions at the cost of pretending to be free to do what they like. It is horrible and fairly unerring; I should now like this author to write about some relationships between real people.

C. J. Koch is one of the many talented Australian novelists who have not been able to break away from the spell of Patrick White. Like the others, he tends to insist on trying to do what White does better than White. But *The Doubleman* is a good novel despite that. His Rymers are a folk group of the 1960s which in some ways resemble the Seekers. These three Tasmanians first come under the spell of an eccentric guitarist, Broderick, on their native island. They go to Sydney and find success. But Broderick haunts them, the "Doubleman" who gave them strength and will now destroy them. It is a *good* and eerie story, the background meticulously researched. Come to think of it, perhaps the Australian novel *is* growing out of White at last: could he have done the confrontation between Magick and Christianity better? To make one ask that question it has to be pretty good.

New novel by Tinniswood. Funniest of all writers of his generation. Too short sentences? Not bloody short enough. First Brandon Carter for ten years. All right if you like that kind of thing. Not sure the comedy's very *black* though. Not funny enough if you ask me. But all right if you like Tinniswood? Oh, certainly. Only takes about an hour to read though. Almost nine quid. Bit steep. Wait for the paperback.

Martin Seymour-Smith

Darling Missy's medley

THE LAST ROMANTIC: A BIOGRAPHY OF QUEEN MARIE OF ROUMANIA
by Hannah Pakula. Weidenfeld & Nicolson £14.95. 510 pages

ALTHOUGH SHE would spend most of her life at a Byzantine court *in the Balkans, Hannah* Pakula's heroine was born a British princess, her father being Queen Victoria's second son, Alfred, her mother a plain and formidable Russian Grand-Duchess, only daughter of the Emperor Alexander II. It was the combination of ancestral strains, English, Russian and German, that, no doubt, helped to shape her adult character; but the English strain predominated in her youth; and the happiest period of her girlhood, she said, was a carefree holiday she had spent at Malta, where her sailor cousin, "Georgie," later George V of England, became her favourite companion and "beloved chum."

He returned her affection. When they were separated, we are told, he frequently wrote to his "darling Missy"—her nursery pet-name — assuring her that she was "always in his thoughts," sending her "a great big kiss," and adding "I never show your letters to anybody and I hope you never show mine!" Notwithstanding the Prince's wise precautions, his parents, the Prince and Princess of Wales, soon became aware of his attachment, and suggested that Georgie and Missy would make a splendid married pair. Queen Victoria warmly favoured their plans; but the Duchess of Edinburgh, having set her heart on a German dynastic alliance, stubbornly resisted the proposal and, after some discussion, got her way.

Marie of Romania—coronation poster of 1922

To speculate on what might have happened in history, had the circumstances of a situation been ever so slightly changed—had the Duchess of Edinburgh, for instance, been less the autocratic Romanov — is often a stimulating exercise; and to imagine Marie as George V's consort is a particularly daring flight of fancy. Although she had English tastes, and loved her nautical chum, could she, like good, quiet "Cousin May," who eventually took her place, have developed into a pattern of domestic virtue and presided over a court that, if it lacked brilliance, was singularly untouched by scandal? Her failure to reach the British throne may not have altered the course of modern history; but it certainly spared us some disturbing crises.

Marie was evidently not the stuff of which devoted royal wives are made. A born egoist and, as she grew older, an inveterate exhibitionist, she naturally attracted storms; and romantic love was an aspect of human life she had always found engrossing. The husband her mother had chosen for her could never have satisfied her emotional demands. Ferdinand of Hohenzollen-Sigmaringen, once his uncle had died Ferdinand I of Romania, whom his relations nicknamed "Nando," was an amiable and well-meaning, but diffident and ineffective character, more interested in botany, a subject of which he had a deep knowledge, than in European politics or the business of his kingdom.

Hannah Pakula writes sensibly, and not too effusively, about Marie's numerous love-affairs. An early escapade, which shocked the Grand-Duchess, who announced that, although her daughter had "greatly sinned," provided she did not tell her husband "the whole truth," she had "time still to become a good steady woman," was presently followed by a long liaison with Prince Stirbey, a cultivated *homme-à-femmes* and accomplished political adviser. Then, during the turmoil of World War I, Stirbey himself was succeeded, yet not entirely supplanted, by a bizarre adventurer named "Klondyke Boyle," this time a rugged man of the people, but the impassioned knight-errant she had long been needing.

What she needed above all else, however, was a spacious public platform; and that she discovered when war and revolution began to break up the ancient royal world, in which, as Queen of Romania, she had played a decorative, if unimportant role. Tired of designing gardens and pleasure-grounds, she rushed towards the battle-front, and there adopted the heroic garb of another Florence Nightingale. Her soldiers worshipped her; or so she proudly claimed. They liked to kiss her hands; and, although the hospitals were frequently typhus-ridden, she insisted on pulling off her rubber gloves. When doctors and nurses protested, her votaries didn't want to "kiss rubber," she replied in her rich, resounding voice.

Next, it was the turn of European statesmen assembled in Paris for the Peace Conference; and on them she descended from a sumptuous private train. The suite of 20 rooms she occupied at the Ritz was immediately filled with flowers; and she herself had brought "60 gowns, 31 coats . . . 29 hats, and 83 pairs of shoes." Among the statesmen she intended to captivate, Clemenceau alone managed to resist her charm and stared at her "ferociously;" but, as an advocate of Romania's territorial demands, she was, at least, more successful than her country's Prime Minister, Ion Bratianu.

Despite its rather foolish title—Queen Marie was neither a true Romantic, nor, indeed, the last—and despite some unfortunate stylistic touches, Hannah Pakula's substantial biography is well worth reading. She does not deny that her protagonist was a preposterously conceited woman, and would be prepared to admit, I dare say, that she had extremely bad taste—Dr Frank Buchman became her cherished family guru; and the neo-Byzantine rooms she designed were uniformly hideous. But *Queen Marie had also immense* courage and irresistable determination. Other royal personages might shrink into obscurity; she would not be thrust aside. Having dazzled the international Press, who regarded her as an invaluable source of "copy," she extended her conquests to the New World, and was the first Queen ever to ride in triumph down Broadway, Mayor Jimmy Walker at her side, beneath cascades of ticker tape.

Peter Quennell

Prodigy of high purpose

JOHN RUSKIN: THE EARLY YEARS 1819-59
by Tim Hilton. Yale University Press. £12.95. 301 pages.

RUSKIN, whose first editions I can remember on the dustheaps of booksellers' backyards, is the last of the great Victorians to be justly prized. Tim Hilton claims to have been interested in him for 30 years, and seems to quail before nothing he did or wrote in his long life—even finding in late and neglected works like *Fors Clavigera* his finest achievement. That challenging claim makes his second volume worth waiting for. Here, in the first, and using diaries only recently available, he takes the long story from south London through Oxford and Italy and into Ruskin's fortieth year.

The pace is brisk. In nearly 60 years of authorship, Ruskin poured out some 250 titles—along with lectures, articles, letters and 30 volumes of diaries. No wonder, one is inclined to think, that his marriage was unconsummated; though Mr Hilton makes his humiliating failure with Effie Gray, who later bore Millais eight children, a muddled domestic tragedy compounded of a bridegroom's respect for womankind, maternal domination and some mysterious repulsion over his bride's physical being. It is a question, in any case, whether a honeymoon can ever succeed in Blair Atholl. A virtuous and abstemious paedophile Ruskin may well have been; but the new biography, which is judicious and well documented, makes nothing too much of the prurient aspects of a sad life, and more (as is proper) of its high creative purpose.

Ruskin was a prodigy. Dedicated to a life of art, from the age of 14 when he first glimpsed the Alps on a family expedition from Schaffhausen, he began publishing *Modern Painters* in 1843 at the miraculous age of 24, like Dickens when he started *Pickwick*. *Modern Painters* is about the superiority of the new English school of artists, especially Turner, and Mr Hilton shows how much it owes as a book to the quiet, studious cultivation of south London, and how little to the great public galleries already emerging across the river, or to the undergraduate life of Christ Church, Oxford. The point is not new, but it deserves new emphasis. Editing the autobiographical *Praeterita* nearly 40 years ago, and in autobiographical style, Kenneth Clark remarked on the artistic impulse of a philistine and puritanical home, which both Clark and Ruskin enjoyed.

Ruskin needed his suburban asylum, took it with him in his early years to Oxford and Italy, and felt the lack of it when he lost it. The story is good enough to make one want more, and the book raises its head well above the ordinary ruck of biographies which, in a biography-boom startling to foreign visitors to these shores, now sustains the life-blood of so much of British publishing.

Only the friendship with Turner, who was also touched by insanity, and Ruskin's quarrel with him, leaves one seriously unsatisfied and asking for more; and the strange episode by which Ruskin conscientiously burned Turner's obscene drawings after his death in 1851 calls loudly for an explanation that the evidence, as presented here, does not supply. But then these are deep and ever deeper waters, unstirred by a life too scrupulous to invent and too respectful to conjecture.

George Watson

Anglo Irish eyes

FIGURE OF EIGHT
by Patricia Cockburn. Chatto & Windus, £10.95. 243 pages.

PATRICIA COCKBURN'S autobiography is in the hallowed tradition of aristocratic memoirs. An eccentric childhood in southern Ireland enlivened by such Wodehousian diversions as "The Great Bore Competition" among the local gentry; an inside view of grand living—cheese after lunch, never after dinner, and pork only consumed by the servants; a delightful season, which brought her a suitable husband; and then a Grand Tour.

But then, two-thirds of the way through her story, Patricia meets Claud Cockburn, the Communist journalist, and her life changes: it becomes much more boring. Fortunately Claud tires of the comrades by 1947 and Patricia takes him happily back home to Ireland to enjoy again the life, in somewhat reduced circumstances, of her youth.

Patricia Cockburn seems to have got her own way in most things and underpinned by Arbuthnot banking money, has escaped most of the material constraints of life. Although taking a jaundiced view of the class system she never cut herself loose from its privileges. Her statements on global issues are what you might expect from someone who is obviously intelligent but completely uneducated — a mixture of the naive and of the commonsensical.

It is easy to share Patricia Cockburn's nostalgia for the life of the Anglo-Irish gentry of pre-war days, and she manages to make the 1930s seem like the 1880s. Perhaps there was little difference for the rich.

Antony Thorncroft

The art of keeping women in their place

THE PAINTED WITCH
by Edwin Mullins. Secker and Warburg, £15.00, 230 pages.

EDWIN MULLINS is described as novelist, art critic and journalist, best known for the BBC2 television series *100 Great Paintings*. His particular gift is that he can talk and write about Art with a capital A from a bedrock of scholarship and insight but in language available to the layman. "The Painted Witch" is the best book about art I have seen for years, better written than Gombrich less tendentious than Freud, not convention-bound like Kenneth Clark. It is printed on expensive paper, and has 143 illustrations, 23 of them colour plates, hence the fancy price.

But "The Painted Witch" is not just another art history book. Some years ago Mullins was reading Germaine Greer's "The Female Eunuch" and encountered the following statement: "Women have very little idea of how much men hate them." He was shocked by the notion, but decided to pursue it. If it were true, then this hatred must be reflected in art, since works of art are commissioned, created and owned by men, and their chief subject is woman. His book is subtitled *female body/male art*. He accepted the Freudian premise that the artist creates out of his (and indeed "his," vide G. Greer) fantasy world a kind of reality which others (men, of course, or at least mostly) can share, thereby finding relief from their own repressions.

His subsequent journey is an eye-opener, as he re-examines famous paintings through a more modern prism, conscious of the mainstream of recent feminist thought. A famous art critic may describe Rubens' *Rape of the Daughters of Leucippus* as an "abduction which resulted in marriage," but Mullins will have none of it. Rubens' masterpiece (sic) is a rape picture, like Correggio's *Jupiter and Io*, placing women firmly within one of the roles allotted to them by men. There are many roles—Madonna, temptress, sinner, goddess, succubus, witch, even homely wife—but the underlying intention, the unconscious reason, is the same: women must be painted as representatives, as models, not as themselves.

The real life models, of course, are flesh-and-blood women, as pretty, desirable, lust-arousing, fantasy-serving as anything to be found on the street. Munch's Madonna, Botticelli's Venus, and Van Eyck's Virgin from the great altarpiece at Ghent would shame any issue of Playboy. But because they play the Virgin Mary or the Goddess of Love they are suitable objects for us voyeurs. Art sanctifies pornography, justifies the aesthetic drool, and above all keeps women in their place.

And this is true even when the painted witch is indeed a figure of terrifying power. The Diana who slays Actaeon, already half-dismembered by her hounds, is a frightening *figure, all right*, but luckily for us she is two-dimensional, conveniently contained within a frame and hanging on the walls of the National Gallery. Such paintings defuse men's nightmares by paying some sort of tribute to the power of the Female. Jung would have called them projections of the Anima.

Mullins says they are chimeras of men's buried terrors of what women might do if allowed to be themselves unchecked.

And there is no more powerful painting of unchecked woman than Munch's Charlotte Corday. When Jacques-Louis David painted *The Death of Marat*, he conveyed a simple message of political assassination; the assassin does not even appear, we just see Marat dead in his bath. But Munch creates a far more disturbing picture by turning political tragedy into sexual psychosis. The entire focus is on Charlotte, full frontal nude, rigid, impassive, a sentinel of menace . . . . "Her bait is the promise of joy, but her reward for man's attentions is his destruction. *She is* lethal because she is sexual."

But Mullins does not offer us only the dark side of Woman, or of Man's image of Woman, leaving us in a welter of blood, rape and torture. He states at last his view that there were indeed some great painters who did paint women as they are and not as men wish them to be. His honour roll is short and idiosyncratic — Rembrandt, Watteau, Goya and Toulouse-Lautrec — and his reasoning highly original:

All four lived their lives under the shadow of affliction. Rembrandt was a bankrupt, Watteau was dying of a wasting disease, Goya went stone-deaf, Toulouse-Lautrec was a semi-dwarf. Such people cannot take their proud place in dominant male society. They seek women, similarly "incomplete", "crippled", "inferior." When they come to paint their pictures, they paint men and women as equal human beings.

It is an engaging theory, well-argued and to my mind self-evidently correct. It is the culmination of an engaging book. I hope it stirs the art world out of its chauvy complacency.

John Graham

Round the pavilions with bat, pad and a good book . . .

A book or two to bowl you out

THIS SUMMER'S literary cricket-bag is heavier than usual with a varied range of contents.

Those two old friends the Cricketers' Almanack and the Cricket Playfair are among the annual offerings, both from Queen Anne Press. In the 120th edition of *Wisden*, hardback with 1,330 pages, good value at £9.95, John Woodcock, the editor, rightly complains that umpires are failing to protect batsmen from deliberate intimidation by bowlers. Sadly Gordon Ross, who has edited the indispensible pocket-sized reference book, Playfair for so many years died recently. The Test Match grounds and Highbury will not be the same without Gordon and his carnation.

Having been on the Tour in question, I found Australia 55, (Constable, £8.95), now reissued especially interesting. Alan Ross is the most stylish modern writer on the game, though he is not always convincing about its technique. The same criticism might be said to apply to Neville Cardus a collection of whose elegant essays, which are a joy to read, is re-printed under the title of A Cardus for *All Seasons* (Souvenir Press, £8.95).

This year my crop of new cricket books includes a novel, The Run Out by Robert Grampsey, (Richard Drew, £8.95) about a somewhat improbable county match. It rather reminds me of a television play which starts brightly so one does not switch it off, but suffers from lack of a real plot and introduces too many superfluous characters.

My Test Match Special colleague, Don Mosey holds strong views on a number of issues which he is prepared to express forcibly; thus his, The Best Job in the World (Pelham Books, £8.95) is unusually outspoken and is bound to jolt many people, including some players and some cricket writers; not to mention some people in broadcasting. However, I enjoyed reading of his many adventures as a cricket commentator at home *and* abroad, especially his hilarious account of a 'phone call from the banks of a muddy, alligator-infested river in Guyana while awaiting the arrival of the ferry, when the BBC bung up on that rarity, a world news scoop.

For me, the *most fascinating* and thought-provoking book in this season's collection The Art of Captaincy (Hodder and Stoughton, £12.95) by Mike Brearley. Mike was an exceptional capitain with a deep knowledge of the game, who understood players' *needs* and had the ability to motivate them. Intelligent, determined, articulate, and very shrewd, he was also a ruthless negotiator, who would have made an outstanding Trade Union leader, trusted and respected by his members, feared and tolerated by the establishment.

Mike deals essentially with *captaincy* at Test and county level and he covers nearly every aspect, while his views on other skippers, including Colin Cowdrey, Ritchie Benaud, Ian Botham, the Chappells, Gary Sobers, Clive Lloyd and Ted Dexter, are both intriguing and *controversial*.

The current batch contains several autobiographies, the best of which is Standing Back (Collins, £8.95), by Bob Taylor, who was not only a brilliant wicketkeeper, but was also a splendid ambassador for the game. It will hearten novice keepers to learn that he once dropped three catches in one over, but I was surprised to read that Roy Fredericks was put down thrice "off the inswing bowling of Ian Buxton," surely outswingers to a left-hander?

I found **Marks Out of XI** (Allen & Unwin, £8.95), more enjoyable than the average account of a tour. Vic Marks' account of England in India, Sri Lanka and Australia last winter is light, pleasant and amusing, a young, laughing, vin rosé, rather than full-blooded claret, but none the worse for that.

As we are now all wallowing in sporting nostalgia, inevitably cricket has followed the fashion with a number of reissues and *some* carefully researched, rather dull lives of long dead heroes. Best is a colourful collection of vivid paintings by Gerry Wright, called **Cricket's Golden Summer** (Pavilion, £9.95), with David Frith providing the commentary.

Trevor Bailey

Ravinia Festival, Chicago

Spirit of the Proms on the shores of the lake

On Chicago's North Shore, 25 miles north of the centre of town, is Ravinia, a woodland park of some 36 acres that each summer since 1936 has mounted a lavish arts festival. The festival now ranges wide, from dance and drama to chamber music and jazz, but the core remains its orchestral concerts with the Chicago Symphony as its resident orchestra. The 50th season opened last month with a gala concert in which the Chicago Symphony was conducted by Ravinia's musical director James Levine.

Certainly the organisers feel they have plenty to celebrate, enough to chronicle in a magnificently illustrated history of the festival, and to invite European journalists over for the festivities. Maybe too they want to prove a point, for despite its breadth and vitality Ravinia has not acquired the same cachet in the U.S. as the Tanglewood, Aspen and Marlborough Festivals. Perhaps its very popularity has been a disadvantage, for there is an engaging lack of pomposity about the proceedings, as if the spirit of the Proms had invaded a Glyndebourne-like setting.

Since it began as an amusement park in the early 1900s Ravinia has had several characters; for more than 10 years, until the Depression put a stop to it, there was a regular summer season of opera in the park with international casts in fully staged productions. Now the centre of activities is a 3,500-seat pavilion, protected from the elements above but open at the sides. The audience (up to 15,000 on some nights) spills on to the lawns, where picnickers can listen to the concerts through a sophisticated sound system that incorporates delay lines to avoid echo efforts.

Clearly no expense has been spared in exploiting this peculiar blend of formal auditorium and informal cushion concert to maximum advantage. To anyone used to the precarious funding of London's orchestras, where the London Symphony Orchestra must work hard to find an extra £50,000 for the second phase of its Mahler Festival, the sheer extent of the commercial sponsorship of Ravinia is hard to appreciate.

The gala dinner before the first concert, attended by what were described to me as "the shakers and movers" in Chicago's business world, clearly plays an important part in generating this; the whole of that opening night, dinner included, had been underwritten by a single foundation. And when one remembers also that the size of the lawn audience is crucially important in determining the financial success of each event, the curious dichotomy of the whole festival becomes apparent.

Binding the whole thing together are the concerts by the Chicago Symphony, regarded locally with what one soon recognises as characteristic Chicagoan enthusiasm as simply the best orchestra in the world. Hearing it *en fête* at Ravinia certainly encourages that view; in both programmes I heard the virtuosity and ebullience of the playing was quite infectious. The stage area of the pavilion has been furnished with acoustic panels to throw the sound to the farthest seats and beyond, and it produces a bright, slightly aggressive feeling, with a bass that sometimes sounds underpowered.

There is no room for understatement in such a place, nor for refined dynamics when a passing jumbo jet can easily drown vital bars. Hearing the Chicago's urgently projected performances, I wondered how much the experience of appearing so regularly at Ravinia had informed the orchestra's character, fostering the vividness and extroversion that are its hallmarks on European tours, and how its personality changes in its winter quarters in the city's Orchestra Hall.

Levine has been musical director of Ravinia since 1973, after making his debut there two years earlier when he took over Mahler's Second Symphony at a week's notice from Eugene Ormandy. He has aimed at mixed planning not just by including rock and jazz events but by placing 20th-century pieces alongside the standard repertory in a way that has never been too successful in London. At Ravinia it appears to work: Ives's *Unanswered Question* and *Three Places in New England* were both included in last Saturday's programme, together with Kiri te Kanawa (making her Chicago debut) in Handel, Mozart and Richard Strauss's *Four Last Songs*.

Here again in a single concert was the paradox of Ravinia, for te Kanawa sang "Let the Bright Seraphim" as her first item, which with its memories of the Royal Wedding (as strong for the American public as it would be in Britain) would seem to be the most unashamed piece of commercialism. No one seemed to mind, and the rest of the evening was entirely serious, with an account of the *Four Last Songs* memorable for the wonderfully controlled solo playing of the Chicago principals, and finally a *Till Eulenspiegl* that fizzed along engagingly.

The opening concert on the previous evening had seemed less successful. The orchestral playing was equally impressive, and Levine projected the music with equal forcefulness, but the bittiness of the programme—an exact replica of the very first Ravinia concert 50 years earlier, conducted by Ansermet—left an impression of thinness. One could admire a solid, measured account of the *Meistersinger* overture, and a dazzling one of Berlioz's *Carnaval Romain*, but Beethoven's Seventh Symphony seemed curiously disembodied, with a scherzo taken at breakneck speed, and some of the quiet playing too restrained to make an effect in such a huge space.

In a real sense, though, the fine detail of the music-making seems less important than the occasion itself. The festival regulars know they have a great orchestra on tap, and that a certain standard and style of performance is well nigh assured. After that the ambition and breadth of the programming take over with the Ravinia regulars—André Watts, Peter Serkin, Lynn Harrell—making their annual appearances, and Levine performing a multiplicity of roles. Levine's contribution seems at present to be crucial, and certainly seeing him so deeply involved in the organisation, puts a further gloss on one's knowledge of a conductor known in Britain only for relatively infrequent guest appearances.

Andrew Clements

A scene from Wisniewski's "End of Europe"

International Theatre

Against isolationism

Tomorrow night, the Queen, Mrs Thatcher and Mr Norman Fowler will all be on hand to open the third biennial London International Festival of Theatre, LIFT, in Camden Lock, North London. Or at least their Spitting Images will. The satirical models from the TV programme will be guests in De Spiegeltent (the Mirror Tent), a restored 1920s Dutch dance salon that will serve as the festival's headquarters and focus of alternative cabaret.

LIFT is the nearest the British Theatre has come to replacing the much missed World Theatre Seasons of the late Sir Peter Daubeny at the Aldwych Theatre. But internationalism in theatre remains as scorned a quality in Britain today as it was in Sir Peter's time. There is nothing in the Arts Council's charter to allow support for foreign theatre visitors, so this year's cost to the LIFT administration of £270,000 has been met by £100,000 from the Greater London Council, foreign governments, a small amount from the British Council-supported Visiting Arts Unit, and various sponsors.

These latter include Oranjeboom who, as first time arts sponsors, draw a matching amount (£7,500) from Lord Gowrie's scheme; John Swire and Sons Ltd. who are supporting the Peking Opera at the Royal Court; and IBM who back the main free outdoor event in Battersea Park on July 28, a Spanish spectacle of fireworks, demons and dragons, *The Devils*.

LIFT was the brainchild of two Warwick University graduates, Lucy Neal and Rose de Wend Fenton, who sat down five years ago with a couple of empty notepads and a telephone to bring foreign groups to London. Their shows in 1981 achieved 70 per cent capacity business in theatres they had to hire themselves. In 1983 the theatre world was nudging towards LIFT, splitting the box office takes on half of the performances. In 1985 Neal and Fenton have had to turn theatres down but are modest enough to admit that they have been contacted by many because the British theatre, in these economic dog days, can ill afford to find its own product.

Meanwhile, LIFT '85 gives us a first glimpse of the Peking Opera in the wake of the Cultural Revolution, with *The Three Beatings of Tao Son Chun* at the Court (opening July 24) giving prominence to Wu Zuguang who, I gather, leads the campaign for young writers in China today; of the apocalyptic award-winning *End of Europe* from the Theatre Nowy of Poland at the Lyric, Hammersmith (from July 31); and of the Italian *Lo Gaia Scienza*, an allegedly extraordinary visual extravaganza at the Shaw Theatre (from July 18).

The one show I can unhesitatingly recommend, on the evidence of a performance at the 1983 Nancy Festival, is *Mass in A Minor* from the Mlandinsko Theatre of Ljubljana, Yugoslavia, which opens on July 23 at the Riverside Studios. The show is inspired by a novel by Danilo Kis about Boris Davidovich, the Jewish revolutionary martyr who disappeared in Siberia during the Stalinist purges. The director, Ljubisa Restic, is one of the most gifted in Europe; he here serves up a wonderful feast of rough, sideshow theatre, with the audience surrounded by platform stages on which is enacted a complete range of European socialist and intellectual highlights and incidents.

Ristic, like Robert Sturua of the Rustaveli Theatre in Tbilisi, represents the vigorous political vaudevillian strain in European theatre in the traditions of Littlewood and Mnouchkine, a strain currently less fashionable than the glossy hi-tech aesthetic dilettantism of Chereau, Stein and Strehler. Ristic's Belgrade production of *Hamlet*, performed shortly after the death of the old Viking leader, Tito, was the most exciting reclamation of the play by the modern world I have experienced since the Peter Hall/David Warner version. To have Ristic and his work in London is a very great *coup* for LIFT.

It is left to our opera companies to employ the best of foreign directors these days; the National and the RSC make little contact with the European mainstream, let alone its arterial rivers. And our fringe theatre, on the whole, remains locked in puritanical, outmoded attitudes of democratic ensemble and the playwright's precious integrity. For three weeks from tomorrow, LIFT offers a refreshing alternative. Some of it may not be good, but most of it will be different.

Tickets for LIFT are available through the respective venues' box offices, Keith Prowse (01-741 9999), or De Spiegeltent (01-482 2323). Information on all LIFT shows is available on 01-240 9439.

Michael Coveney

Saleroom

'Arthur darling . . .' Read all about it

If it is scandal, intrigue and revelations you are after, forget about the *News of the World* and take yourself along to Sotheby's on Monday week for the auction of English manuscripts. This is the biggest sale of its kind that Sotheby's has handled: it also contains more than its fair share of delayed exposures.

Oscar Wilde is no stranger to gossip; but what of his wife Constance? Can history take away her good name? Two letters in the sale have a try. While Oscar was dallying with Bosie, Constance was writing to Arthur Humphreys, the manager of Hatchards book shop:

"My darling Arthur, I am going to write you a line while you are smoking your cigarette to tell you how much I love you and how dear and delightful you have been to me today . . . " and so on and so on. The letters each carry a top estimate of £3,500.

Royalty can always be relied upon for some salacious speculation, and here are some letters from the wife of the Prince of Wales: "Though we have now been married three & twenty years I have twice been threatened with arrests . . . as your wife I feel I still have a claim upon your protection . . . how cruelly you have used me."

The wife was Mrs Fitzherbert; the husband the Prince Regent; the marriage unrecognised because she was a Roman Catholic and because he was also married to Princess Caroline. Most of her letters to the Prince Regent were burned after his death, hence the £6,000 estimate on the surviving six. And there must be takers for a letter from his daughter and heiress, the Princess Charlotte, extolling Daffy's Elixir which gives "certainly the strongest hope to attain Methusalah's Age." She died in childbirth at the age of 21. Three of her letters might be bought for around £1,000.

Another Queen writes to her current husband claiming she would have married him much earlier if another had not withstood "my will theryn most vehemently." Then another was Henry VIII who was safely dead when Queen Katherine Parr confessed to her fourth husband Sir Thomas Seymour that he would have been number three if Henry had not imposed himself. This letter could make £20,000, while a devotional book with her signature carries a top estimate of £50,000.

As well as royal confidences the auction is strong on the innermost thoughts of the aristocracy. Lord O'Hagan is disposing of the papers of his most celebrated ancestor, Charles Townley, the 18th century dilettante whose collection of antiquities formed the nucleus of the British Museum. Over 1,000 letters are for sale, one of the finest Georgian archives to become available in many years.

Townley knew everyone—Fox, Robert and James Adam, Nash, Sir William Hamilton, John Cleland—and his correspondents main subjects, not surprisingly, were art and sex, or as the catalogue puts it "the twin strains of neo-classical taste and eroticism." In all the archive should bring in over £100,000.

Another family clearing out its muniments room is that of Montagu, once the Earls of Sandwich. Its main offerings celebrate two fascinating, but diverse, moments of British history. A Montagu served Charles II well, and also employed Samuel Pepys, and on offer is the Declaration of Breda, issued by Charles as his bargain with the English people when he recovered his crown. It should make £60,000. A later Montagu, by now Lord Sandwich, was a patron of Captain Cook, and there is an important collection of lots devoted to Cook's voyages.

In all, the auction should easily top £1m. Most of the buying will be British, but the Australians should be interested in Cook and the Americans (and the Japanese) in the 20th century English literature offerings, which culminate in a notebook of Yeats, which he kept between 1930 and 1933 with drafts of many of his poems. It is likely to make the highest price: its top estimate is £150,000.

And if anyone regrets this dispersal of British history overseas he can blow a lament on the most famous horn in the national heritage — John Peel's. The genuine article is also in the sale, with a modest top estimate of £5,000. In 1951 Sotheby's sold it for £600.

Antony Thorncroft

Records

Rossini: grand-serious and Romantic

Rossini: Maometto II. Ramey, Zimmermann, Palacio, Dale/ Ambrosian Opera Ch, Philharmonia/Scimone. Philips 412 148-1 (three records), also on cassette and CD.

Rossini: La donna del lago. Ricciarelli, Valentini Terrani, Gonzales, Raffanti, Ramey/Prague Phil Ch, Chamber Orch of Europe/Pollini. CBS 13M 39311 (three records), also on cassette.

The improvement in the standing of Rossini's non-comic operas has been great in recent times. Not so long ago the explorer could find only *Barbiere*, *Italiana*, *Cenerentola*, and perhaps *Tell* easily available on record. With the release of the new Philips *Maometto II* (following upon the success of the same company's *Mosè in Egitto*) and the new CBS *Donna del lago*, the picture of one of the most misunderstood among major opera composers becomes evermore completely filled in. Both operas are from Rossini's Naples period—in fact, *La donna* exactly precedes *Maometto* in the Neapolitan canon. Both are beautiful, distinguished, original works; these new recordings should do much to make those adjectives generally accepted among devotees of Italian opera.

Maometto (1820) was the first of two works to be remoulded when Rossini removed to Paris; its fashioning, as *Le Siège de Corinthe* (1826), was so substantial that the wisest course must be to think of the two as different operas related by common musical material and similar (but differently located) plots. (In between Naples and Paris there was also a version for Venice).

Le Siège has been staged more than once recently, *Maometto* (to my knowledge) not at all—this year's Pesaro Festival is planned to set the latter situation right. Whenever the former is seen and heard, a common claim is made for it; more often than not it is (one suspects) a claim repeated without the benefit of proper comparative investigation. That is, that the Paris opera is greatly superior to the Naples one—much pared-down in its florid vocal writing, much taunted in its drama, much the more "modern" in temper and style. There is no room here for scrutiny of rival claims; what the new recording proves is that *Maometto II* is a work different from its successor, not inferior to it.

Naples made available to Rossini both orchestral and vocal virtuosity—the cast was led by the soprano Colbran (his wife and the San Carlo prima donna) as Anna, the bass Galli as Mahomet, and the heroic-coloratura tenor Nozzari as Anna's father and Mahomet's Greek warrior enemy. The combination of sombre orchestral colouring and intricate, abundant brilliance in the solo voice parts makes for an opera of distinct and notably unusual character—spacious yet imposingly grand in its structure, at once noble in manner and ornate in detail. The combination is fascinating but a touch forbidding; *Maometto II* was never a popular success, and one comes to understand why.

The libretto by Della Valle is a love-versus-duty affair planted amid Turkish ravages and Greek heroic defiance. With the partial exception of the stridingly vigorous titular villain-hero, the characters seem statuesque rather than pictorially vivid (for Paris Rossini sharpened the emotional conflict). It is a spectacular score, learned and bold in its effects, masterly in its range of atmosphere—from acrid nocturnal gloom to bright sunlight, from passages of simplest euphony (among them the famous Act 1 prayer for Anna and female chorus that Rossini completely repositioned in Paris) to massive ensembles with soloists unfurling vocal flourishes across an enormous compass. This is Rossini the 19th-century Italian classicist at his most remarkable.

The demands on singers are indeed exorbitant. Philips should be commended for assembling a cast able to meet them so confidently—whatever criticisms of the performance may follow, the quantity of accurate, unblemished florid singing contained on these six sides is an achievement worth saluting. But it is all a little undramatic. No doubt, with a singer of Samuel Ramey's muscular agility, tonal glamour, and wide compass for the title role, one is being absurdly ungrateful in hankering after more incisive Italian enunciation—all the recitatives tend to flag (a charge to be made of almost all the cast), the "presence" is dignified rather than powerful.

June Anderson's heroine is neat, fleet, a touch pallid (we really want a Callas-Sutherland in one); likewise Ernesto Palacio as her father can be admired for vocal negotiation rather than strength of personality. The most interesting performance comes from the Argentinian mezzo Margarita Zimmermann (a Royal Opera Cherubino not long ago) in the travesty role of the young Greek warrior Calbo. The voice will not be to all tastes, but in both bravura and smoothness of phrase she commands a kind of Rossinian expressive style only hinted at elsewhere. The conductor, Claudio Scimone (as of the Philips *Mosè*), lays out the work knowledgeably. One notes a fair amount of below-par orchestral playing; the "consecutive" quality of an opera with few detachable numbers is unevenly sustained. Not an ideal *Maometto II*, then—but very good to have, all the same.

The comment holds true, but even more so, for the CBS *Donna del lago*. There must be people all over London deceived by the current Covent Garden flop into drastically underrating the work; this album, based on the 1983 Pesaro production, should go some way towards putting them right. Maurizio Pollini, in his first non-pianistic assignment on record, drives the music hard—too hard—but at least he is convinced of its special colours, charms, and dramatic appeal, and he communicates his conviction unflaggingly.

The singing is for the most part touched with passing imperfection but full of point and purpose—in the title role Katia Ricciarelli melts the heart of even the most obdurate Beckmesser—while in Lucia Valentini Terrani the cast boasts the most roundly attractive and accomplished Rossini mezzo currently active. I need not repeat my belief, stated here a fortnight ago, that Rossini's opera is one of his most captivating works. The new recording does just that, in heartfelt style.

Max Loppert

Dance

Uncommon cause

Thursday night's Royal Gala at Covent Garden — the house handsomely decked with greenery for the occasion—was about fund-raising. Many galas are. Few, though, more deserving than this "Celebration of Dance" in the presence of Prince Andrew, in order to raise cash and to inspire sponsorship for the London Contemporary Dance Trust, its company and school.

It was, in many ways, an evening with a difference, with Makarova speaking, break-dancing, Zizi Jeanmaire returned to London after too long an absence, Alvin Ailey's American Dance Theater, some new solos by Kenneth MacMillan, and LCDT's own dancers showing off their prowess. Makarova was compère, her inimitable charm and humour, and even more inimitable English, a delicious ingredient of the festivities.

The Ailey Company were seen in Billy Wilson's realisation of Gershwin's Concerto in F, whose jazzy rhythms and blues shadings awoke the most vivid response in the dancers. The New York City Breakers spun and twirled like greased lightning: pirouettes on the head and shoulders a commonplace, a robotic movement, acrobatics, madcap caperings, a gloss on this extraordinary manifestation of street art that is still true to its roots in an urban culture. (They even contrived to involve Makarova for an instant in a chain of wriggling—but she soon opted for a hint of *Swan Lake* before dislocation set in.)

The MacMillan solos offered a boxing number to Bach for Christopher Bannerman, a lyric episode to Rakhmaninov for Linda Gibbs, and a mysterious and questioning sequence for Ross MacKim to Telemann. And then, despite some disgruntled microphones which damaged a brief conversation, the stunning legs of Zizi Jeanmaire were matched with the no less stunning limbs of Makarova, before Jeanmaire and Luigi Bonino launched into the flirtation of *Cheek to Cheek*.

Jeanmaire glowed and strutted and was her miraculous self, with Bonino the most elegant of partners, as they danced on and around two chairs and a table with devastating wit.

And, after briefly serious speeches about the value of LCDT's work from Lord Gowrie and Makarova, the LCDT troupe showed their best qualities in Robert Cohan's *Class*—that hymn to the dancers' daily labours which produces such admirable artists.

The gala was made possible by the generosity of Esso; the future of LCDT depends on the continuing generosity (as Robin Howard related in last Saturday's Financial Times) of corporations having a comparable sense of responsibility to the arts. The cause could not be more worthy, or more urgent.

Clement Crisp

Radio

A visit after school

One DM, in GK Weekly in the early '30s, had read some letters written as an exercise by primary-school children to their form-master. "A single sentence from this grubby nine-year-old East Ender," he wrote, "struck me like a blow: 'And when I leave school, and am out of work, I will come and see you'."

DM would have been knocked silly by *Young Lives* on Radio 4 last Sunday. This was the second of three programmes marking a barely-observable festival, International Youth Year, and its subject was "Leaving School." All these kids, whose words were deftly marshalled by Sarah McNeill, knew that when they left school they would be out of work. Even the public school representative conceded that he might have to fill in a year or so, go abroad or something, before the Old Boys turned something up. There were some who wanted nothing to do with Job Centres, but would find something for themselves. "I can't handle that kind of life," said one resigned child, having described the kind of life only too common today. The feature was about the situation as it is; no solutions were offered.

That afternoon we heard Caryl Phillips's *The Wasted Years*, winner of a Giles Cooper Award. (Another award-winner, Christopher Russell's *Swimmer*, was played the previous day.) Caryl Phillips, who comes from St. Kitt's, told of a 16-year-old black boy unhappy at a Birmingham school and unhappy in his broken home. A description more than a story, it was supremely well written and worthily directed by Vanessa Whitburn, who has a special talent for this kind of piece. Fine playing by Tony Armatrading as the boy, Carmen Munroe as his mother, Rudolph Walker as his father (heard only on a time-shift) and Graham Padden as a resolutely sympathetic master.

Into this world of sad young people, Radio 4 dropped *Getting Off Heroin* at teatime on Tuesday. Not a formula, only a survey, but it seemed to me valuable, and might be repeated at some more accessible time. Frances Donnelly talked with people who had quit the drug and with some of those who had helped them. The first point made was that the process of coming off is not so physically agonising as it is made out to be—"not worse than mild flu," said one sufferer. But people characters weakened by addiction, who cannot think of anything in the world more important than the next fix, will not go through with anything so disagreeable, so support and

Those demands can produce success in the face of endless discord, as we heard in *Bolt from the Blue* on Radio 3 yesterday. Nemirovich-Danchenko, critic and writer, and Stanislavsky, actor and director, as likely a partnership as Shaw and Rattigan, started the Moscow Art Theatre in 1897 and turned out masterpieces together for decades, in spite of irreconcilable differences that went on and on. Nemirovich disapproved of Stanislavsky's acting theories (which all acting students are expected to know about today). Meyerhold's "absurd chatter" about rehearsing on the inspiration of the moment hardly went with Nemirovich's textual analyses that "penetrate the aroma of the author's intentions." Their letters, here put together and introduced by Jean Benedetti, were excellently read by Peter Barkworth and Bernard Brown.

B. A. Young

COMPANY NOTICES

NOTICE OF REDEMPTION

KINGDOM OF DENMARK

6¾% 1972/1987 F.LUX.600,000,000

Bondholders are hereby informed that the annual redemption instalment of Lux.Frs.80,000,000 due on August 14, 1985 has been effected by drawing by lot. The following bond numbers have been drawn by lot in the presence of a notary public and become redeemable at par on and after August 14, 1985 with all unmatured coupons attached thereto:

6144-6149	6156-6165	6178-6187	6213-6215	6248-6249
6311-6329	6348-6354	6367-6415	6416-6417	6423-6440
6444-6445	6448-6452	6461-6462	6465-6470	6474-6478
6481-6483	6492-6514	6537-6540	6547-6556	6585-6567
6573-6562	6605-6619	6641-6733	6737	6758-6774
6787-6826	6842	6852-6871	6886-6891	6901-6912
6917-6919	6927-6929	6934-6940	6946-6972	6975-6984
6991-6995	7000-7111	7107-7109	7111-7122	7124-7133
7154-7166	7172-7182	7187-7193	7214-7240	7261-7268
7272-7278	7567	7607-7618	7998-8026	8401
8404	8564-8593	9170-9199	9232-9258	9275-9328
9445-9462	9466-9468	9730-9744	9752-9775	10210-10223
10272-10317	10473-10418	10429-10430	10435-10442	10446-10448
10453-10455	10472-10473	10543-11020	11061-11092	11109-11225

Furthermore it is recalled that the following bonds drawn in previous years have not yet been presented for payment:

5271-5288	1318-1329	1346-1348	1378-1379	1500-1503
1509-1510	1761	1760-1781	1958-1964	2201-2300
2322	2427-2428	2784-2804	2831-2840	2801-3000
3052-3053	3066-3069	3106-3115	3151-3152	3173-3174
3281-3306	3398-3403	3449-3453	3595-3602	3619-3627
3629-3635	3646	3650-3651	3711-3712	3715-3718
3725-3728	3554-3873	3894-3895	4004-4005	4012-4015
4032-4040	4064-4065	4111		

The nominal amount of bonds outstanding on and after August 14 1985 will be Lux.Frs.160,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Principal Paying Agent

Luxembourg, July 13, 1985.

WEEKEND FT

Personal view

Live Aid sings for supper

Star line-up: David Bowie (left) and Mick Jagger

THIS IS the day on which the nations of the world are united —by pop stars performing on a television programme. Around 1.5bn people will have the chance to watch Live Aid, three concerts which will be beamed up from London, Philadelphia and Sydney and which feature Mick Jagger and Bob Dylan, David Bowie and Elton John, Wham! and The Who—names plucked at random from the dozens taking part.

In all, 550m of the 600m television sets in the world will be linked at some time to the six satellites circling the globe and transmitting the pictures. It could be the largest TV audience ever. For once pop music will be fulfilling the romantic daydreams of its fans, and youth will be showing governments how, in the words of John Lennon, "the world might live as one."

Apart from North America and Western Europe, the Soviet Union and Eastern Europe are expected to tune in, although they are unlikely to pass on the pictures to their peoples for three days or so, while China is still hesitating. It would be odd if Ethiopia and Sudan, the two countries which stand to gain most from this charitable event, did not take advantage of the satellite link. The only country which does not have the opportunity to join in is South Africa, which is unfortunate for Zimbabwe, which shares the satellite.

Live Aid is the culmination of Band Aid, the group of stars cajoled together by Bob Geldof to record "Do they know it's Christmas," a song he wrote in response to the television pictures of the Ethiopian famine last winter. It had a tremendous success, selling over 1m copies and, with attendant merchandising spin-offs, is likely to provide £8m for famine relief in Africa. The gesture by the British pop establishment inspired a response from the U.S., where a single and an album should generate at least $30m worth of aid. In all 30 countries have rallied to similar charity records.

The concerts are very different. The event will not be captured on record or video: the contractural difficulties involved with so many star names tied to so many different record companies were regarded as insurmountable. They are a one-off event, generating money for Africa from ticket sales, from merchandising, and, of most importance, from telethons attached to the broadcasts.

The organisers are being cautious in their estimates of how much Live Aid will bring in, admitting to a £10m target. But it would be surprising if this sum were not doubled. Telethons have been organised in all the richest countries of the world: the slightly less affluent, like Yugoslavia, are being offered the broadcast free in return for running a telethon.

Ticket sales should contribute around £7m. The 72,000 £25 tickets for Wembley sold in two hours. The JFK Stadium in Philadelphia will be packed with 90,000 people, each of whom has paid $35, (£25). The T-shirt and the programme, at £5 each, and the past at £2 have been produced at cost. Everyone, so far, has been on his best behaviour and all services have been offered free.

The unexpected hero of the hour, apart from Bob Geldof, is the BBC. It is not paying to transmit the concert but it is absorbing the horrendous organising and transmission costs. About 500 BBC employees are involved at no expense to Live Aid. It will be transmitting the concerts in London and Philadelphia for 16 continuous hours and expects a peak time audience of 20m people.

There has been the odd wrangle. Some stars wanted to appear at Wembley after 5 pm, when American television starts to screen their performances into the homes of the nation that buys almost half of all the records sold in the world. Phil Collins has got over the problem by flying by Concorde from Heathrow to Philadelphia, to appear at both concerts. A few of the big American names —Stevie Wonder, the Jacksons, Lionel Ritchie—are missing from the bill, probably because Bob Geldof could not squeeze their arms as effectively as those of his British pop rivals.

But in the main the event has been assembled with remarkable amity. Even that most hard-headed group of men, the British papparizzi, were persuaded to offer their services free to the cause. A possible cause of friction—who should top the bill—was solved by having Paul McCartney lead the assembled cast of millionaires in a chorus of "Let it be." followed by "Do they know it's Christmas?" In fact, apart from the producers of blank video cassettes, who are doing a roaring trade, the only direct profiteer from the event is the British Government.

It is taking VAT from ticket sales. To limit the damage the £25 tickets are actually priced at just £5—plus a £20 donation to Live Aid.

Antony Thorncroft

Sport

Fading U.S. passions in the Open love affair

THERE ARE signs that the love affair between the leading American golfers and the British Open championship, rekindled by the great Arnold Palmer in 1960, might soon be over. The up-and-coming generation, cloned as it largely is, on the lush, level and expensively manicured courses on university campuses across the nation, is all business nowadays.

This is hardly surprising, since no fewer than 26 tournaments on the American tour this year offer prize money of more than £500,000. Ending with the Anheuser-Busch classic at Kingsmill Golf Club in Williamsburg, Virginia, this weekend, there have been 10 such lucrative events in succession, which explains adequately why the ever-escalating Open championship purse money — this year it is £530,000—cuts little ice across the pond, despite the recent resurgence of sterling against the dollar.

The traditions of the Royal and Ancient game generally mean little to earnest college graduates, who arrive at tournament venues with briefcases in hand while their caddies transport the tools of their trade in dustbin-sized bags and dark-suited agents hover in the background. Often, the caddie will have driven his master's car from city to city while his employer enjoys the convenience of air travel. And such is the strength in depth, so fierce is the competition for a place at year's end in the elite, top 125, who are exempt from qualifying for the following season, that the luxury of a trip to the Open championship, particularly for those forced to pre-qualify, is feasible only for a precious few who really love the game and its traditions, and possess a distinct spirit of adventure.

The arguments against such feasibility are persuasive. Jet lag is perhaps the most formidable; some Americans claim the adjustments to the time change on each side of the Atlantic can affect a player's efficiency for up to a month. Only top players such as Jack Nicklaus, Tom Watson and Ray Floyd, to name but three, can afford to rent a sizeable, luxurious family home for the championship: these facilities are getting more expensive as executives with generous corporate expense accounts join the annual search for accommodation. Home owners near Open venues have not been slow to cash in and demand appears to have outdistanced supply with each passing year, such is the generally poor standard of hotels in these localities.

But perhaps the most effective deterrent to young American hopefuls is the horror stories they hear from their disillusioned elders about British links courses' humps and hollows that reward straight driving with wicked kicks and wildly awkward stances in mid-fairway; hidden bunkers of awesome length; knee-high rough; and the vagaries of the climate. Some months ago, I watched and listened as a group of younger Americans were told there is not a single tree on the magnificent Royal St George's course at Sandwich, Kent, the venue of this year's Open. The teller was someone who failed to qualify for the 1981 Sandwich Open. his listeners' eyes stood out like organ stops.

Tom Watson

Hopefully, the brilliance of the European tour's leading performers will compensate largely for what I expect to be a distinctly sub-standard American field in both quality and quantity. I hope I am wrong about the latter, though, because if there is to be a British, European or Commonwealth champion a fortnight tomorrow—as I fully expect—I would hate anyone to be able to sneer that the winner had little to beat.

Because so many leading Americans could be absent, it is difficult to shortlist my transatlantic favourites. Recently, I sat next to Johnny Miller, champion in 1976, on a flight from Memphis to Atlanta, and tried to persuade him to reconsider his decision not to come over. I would regard his as a real dark horse on recent form if he shows up in Sandwich. Floyd will be there for sure and, on form, he also is a likely winner, as could be Craig Stadler, if he arrives. A question mark must be placed against the fitness of Fuzzy Zoeller, though not his form; while there are no longer duobts on either score about Nicklaus, Greg Norman, Peter Jacobsen, or my choice as the most likely American winner, little Corey Pavin.

The real mystery man of the season is Watson, five times Open champion in the past 10 years. Too often lately, he has appeared to have no idea where his ball would land from tee or fairway. Worse, that brilliant short game on which he has relied to heavily, and which has supported him so nobly, appears to have deserted him, at least for the moment. But the possibility of equalling Harry Vardon's record of six Open victories will be a powerful mental stimulant, and this great competitor makes no secret of his liking for links golf.

Of the "home" brigade, Seve Ballesteros must be the overwhelming favourite after his brilliant French Open victory last weekend. He will be seeking both his third Open victory and to defend the title. But I have not forgotten that the U.S. Masters' winner, Bernard Langer, was second at Royal St George's to the 1981 Open champion, Bill Rodgers; or that Manuel Pinero (1977) and Nick Faldo (1980) both won the PGA championship there with identical scores of 283.

Still, Ballesteros won the 1983 PGA at Sandwich with a record score for the event of 278, and that could well be the winning aggregate when the last putts of the Open are holed. But don't overlook Floyd, Langer, Norman, Pavin or Watson—assuming they all appear.

Ben Wright

Row, row, row your boat ...

THE OLDEST annual sporting event in the world gets under way next Thursday morning at 11 o'clock, when six men will row the four miles five furlongs of the Thames between Chelsea and London Bridge in the 270th race for Doggett's Coat and Badge.

The race is older than the University Boat Race which was first rowed in 1829, and the St Leger, that venerable institution of the turf, established in 1776 (predating both the Derby and the Oaks).

On August 1, 1716, a placard was posted on London Bridge on the orders of Mr Thomas Doggett, comedian and joint manager of the Drury Lane Theatre. It read: "This being the day of His Majesty's happy accession to the throne there will be given by Mr Doggett an Orange Colour Livery with a Badge representing Liberty to be rowed for by six watermen that are out of their time within the year past. They are to row from London Bridge to Chelsea."

Few comedians of today would be likely to leave a prize for sculling on the Thames. But the river is no longer the important part of London life that it once was.

At the end of the sixteenth century, 40,000 watermen plied for hire between Windsor and Gravesend. In Pepys's time there were still 10,000 licensed watermen in London, and in 1710 there were only 800 Hackney Carriages and 200 sedan chairs in the capital, while the watermen continued to do a roaring trade. The many theatres on the river created a demand for transport which the watermen were happy to provide and the architects careful to consider. Sir Christopher Wren even designed a "convenient landing stage" for the river frontage of the Duke's Theatre, built in 1671.

The link between the theatres and the watermen was such that when the playhouses were closed by royal edict, as sometimes happened from mid-summer to Michaelmas, the watermen and actors suffered equally from loss of trade. They also suffered frequently during the late sixteenth and early seventeenth centuries when the Plague kept the theatres dark.

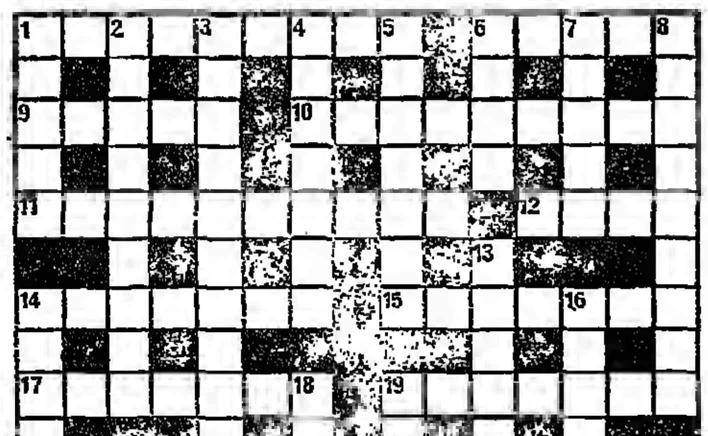
It is likely that the idea for a boat race was conceived at its original starting point, the Old Swan at London Bridge. This was a favourite haunt of Thomas Doggett who would have seen many such races from the tavern. The finish was chosen to be the White Swan, Chelsea, a distance of four miles, five furlongs.

Legend has it that the first Doggett's Coat and Badge race was watched by George I, and that Handel composed the celebrated Water Music for the occasion.

Doggett's Coat and Badge has survived in almost original form for nearly three centuries. When Doggett died in 1721 his will provided for a badge of silver and an orange-colour livery to be rowed for annually. The race was opened to non-waterman contestants in 1950. Until then it was contested solely by professional watermen who had just completed their apprenticeship, showing the working class roots of a sport often considered elitist.

The course was reversed in 1727, and scullers no longer have to row against the tide, cutting the average time taken from an hour and a half to about 30 minutes.

Jacqueline Shorey



F.T. CROSSWORD PUZZLE No. 5,768

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crosswords on the envelope to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

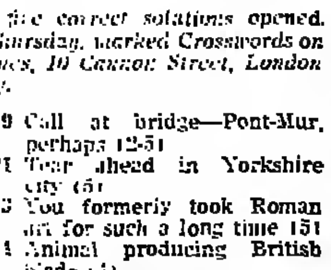
ACROSS

1 Greek letter recently demonstrating popular hobby (9)
6 Ending a lot? (5)
9 Means of seeking out low tars? (5)
10 One-way flight in store? (9)
11 In mess-tent different opinions (10)
12 Century scored? Now a good catch in the deep (4)
14 Old boy has a top-hat and a paperback (7)
15 Shrink in retirement (7)
17 Bond, about 50, is quite mild (7)
19 Planet covered by oceans? (7)
20 Nobleman not quite advanced (4)
22 Sort of girl who likes matching sets? (10)
25 No set-piece yet it requires rehearsal (9)
26 U.S meat-packing centre returns a piece of meat—nothing more (5)
27 Singer even in the elegy (5)
28 Presses so for settlement—what to do finally? (10)

DOWN

1 Spare parts from the orchard (5)
2 Contract that is written wearing false smile? (9)
3 He gets rid of lots of people (10)
4 Teams of French schoolboys surround the north (7)
5 Chay, perhaps, approaching Spanish river (7)
6 Hat material that is handled gently (4)
7 Control wriggling trout (5)
8 Operatic spectacles set by Handel, we hear (9)
13 Sun-spot due to explode—astounding (10)
14 St Michael converted this old scientist (9)
16 Explain the Claude knotted (9)
18 Cursing chap in the saddle? (7)
19 Call at bridge—Pont-Mur, perhaps (5)
21 Tear ahead in Yorkshire city (5)
23 You formerly took Roman art for such a long time (5)
24 Animal producing British blade (4)

SOLUTION TO PUZZLE No. 5,767



SOLUTION AND WINNERS OF PUZZLE No. 5,762

Mrs J. E. Benns, 4A East Montrose Street, Helensburgh, Dumbartonshire.
Mr J. C. Towle, 6 Selsey Avenue, Sale, Cheshire.
Mrs M. McNaughton, 3 Bailie Drive, Bearsden, Glasgow.
Mr A. Poole, 29 Colts Bay, Bognor Regis, West Sussex.
Mr David Whittle, Grays, Redlynch, Salisbury, Wiltshire.

TELEVISION AND RADIO

SATURDAY

† Indicates programmes in black and white

BBC 1

8.30 am The Saturday Picture Show. 10.55-6.25 pm Grandstand: Cricket (England v Australia); Golf, Lawrence Batley Classic; Show Jumping from Hickstead Racing from Lingfield Park and The Curragh.

6.25 News. 5.35 London—Sports. South-West (Plymouth) — Spotlight Sports and News. All other English regions—Sport and Regional News. Wales—Sports News Wales. Scotland —Sport. Northern Ireland—Northern Ireland News and Sport. 6.40 Terry and June. 7.10 Film: "Aces High." 9.00 Val Doonican Music Show. 9.45 News and Sport. 10.00 Live Aid for Africa (with Radio 1).

BBC 2

11.50 am Live Aid from Africa. Report by Michael Buerk. 12.00 Live Aid from Africa (a simultaneous broadcast with Radio 1 and stereo vhf). A concert by Band Aid—the world's leading rock and pop musicians—live from Wembley Stadium and the J.F.K. Stadium in Philadelphia. 10.00 pm Saturday Review. 11.00 Cricket: Test highlights. 11.30-1.25 am Film: "The Stepford Wives," starring Katharine Ross and Paula Prentiss.

LONDON

6.15 am TV-am Breakfast programme. 9.25 LWT Information. 9.35 Matt and Jenny on the Wilderness Trail. 10.00 Max and Moritz. 11.00 Cartoon Time. 11.15 The Champions. 12.15 pm World of Sports including 12.20 Wrestling. 12.45 News and Australian Pools Check. 12.50 Tour de France. 1.10 Artistic Rollerskating. 1.25 International Athletics AAA Championships. 1.35 The ITV Six. 3.10 Athletics. 4.50 Results.

5.00 News. 5.05 Happy Days. 5.30 Connections. 6.00 Chips. 7.00 The Comedians. 7.30 Bottle Boys. 8.00 Ultra Quiz '85. 9.00 Hunter. 10.00 News and Sport. 10.15 London News, followed by "The China Syndrome," starring Jane Fonda, Jack Lemmon and Michael Douglas. 12.30 am Linda Ronstadt in Concert. 2.00 Night Thoughts.

CHANNEL 4

1.00 pm Nature in Focus. 1.30 The Listening Eye. †1.55 Film: "Quiet Wedding," starring Margaret Lockwood and Derek Farr. †3.25 Film: "The Ghosts of Berkeley Square," starring Robert Morley and Felix Aylmer.

5.05 Brookside. 6.30 Sabble. 7.00 News and Weather followed by 7 Days. 7.30 Union World. 8.00 Tales From A Long Room. 8.15 Sanne. 8.45 The Optimist. 9.15 20/20 Vision: Euthanasia. 10.00 Hill Street Blues. 10.55 "You Know How to Whistle": Melvyn Bragg talks to Lauren Bacall. †11.55 Naked City. 12.55 am The Paul Hogan Show.

S4C WALES

1.25 pm Farming on 4. 1.55 The Art of Persuasion. 2.25 A Week In Politics. 3.10 From the Face of the Earth. 4.10 "A Song To Remember," starring Cornel Wilde. 6.10 The Medicine Men. 6.40 The Avengers. 7.35 Newyddion. 7.45 Llun Ar Y Sgrin. 9.15 Coed. 9.45 Llangollen '85. 9.15 Tandoori Nights. 9.45 Lou Grant. †10.40 "The Snake Pit," starring Olivia De Havilland.

REGIONS

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Cartoon Time. 9.35 Captain Scarlet and the Mysterons. 10.00 Harlem Globetrotters. 10.25 Morning Cinema: "First Men In The Moon." 5.05 pm Connections. 5.35 Dreams. 12.30 am At the End of the Day.

BORDER

9.25 am Walt Disney Presents. 9.30 Freetime. 9.55 Adventures of Gulliver. 10.25 Film: "First Men In The Moon." 5.05 pm Film: "The Bridges At Toko-Ri," starring William Holden and Grace Kelly.

Jane Fonda, London 10.15

Freetime Special. 9.55 Fangface. 10.25

CENTRAL

9.25 am Walt Disney Presents. 9.30 Freetime Special. 9.55 Fangface. 10.25 Film: "First Men in the Moon." 5.05 pm Saturday Action Film: "The Four Musketeers," starring Oliver Reed, Raquel Welch and Richard Chamberlain.

CHANNEL

9.25 am Captain Scarlett and the Mysterons. 9.50 Puffin's Pla(i)ce. 9.52 Blockbusters. 10.25 Standby, Lights, Camera, Action. 11.20 Puffin's Pla(i)ce. 11.25 Tarzan. 12.14 Weather. 5.05 pm Puffin's Pla(i)ce. 5.07 Connections. 5.35 Cartoontime. 5.40 Saturday Film: "Terror in the Sky."

GRAMPIAN

9.25 am Cartoon. 9.30 Beatheichean Neontach "Black Bear." 10.00 Cartoon Alphabet. 10.25 Sesame Street. 11.20 Chips. 5.05 pm Connections. 5.35 Diff'rent Strokes. 6.05 Magnum. 12.30 am Reflections.

GRANADA

9.25 am Sesame Street. 10.20 Cartoon. 10.30 The Groovy Ghoulies. 10.55 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm Diff'rent Strokes. 6.35 Film: "The Disappearance of Flight 412," starring Glenn Ford. 12.30 Chris Barber and Doctor John at the Marquee Club.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †10.00 Fireball XL5. 10.25 The In-Laws. 12.13 pm News. 6.05 pm Film: "Planet of the Apes," starring Charlton Heston.

SCOTTISH

9.25 am Cartoon Time. 9.30 Beathalchean Neontach. 10.00 Tarzan. 10.55 Groovie Ghoulies. 11.20 Chips. 6.05 pm Connections. 5.35 Film: "Tumbleweed," starring Audie Murphy.

TSW

9.25 am Captain Scarlet and the Mysterons. 9.50 Gus Honeybun's Magic Birthdays. 9.52 Blockbusters. 10.25 Standby, Lights, Camera, Action. 11.20 Freeze Frame. 12.12 pm News. 5.05 TSW News. 5.07 Connections. 5.40 Saturday Film: "Terror in the Sky," starring Leif Ericksen. 12.30 am Postscript.

TVS

9.25 am Cartoon. 9.35 Scooby Doo. 10.00 Batman. 10.25 Sealab 2020. 10.50 Dangermasks. 11.50 Do It. 12.12 pm TVS Weather. 5.10 Connections. 5.40 Diff'rent Strokes. 6.10 Chips. 7.00 Trippers' Day. 12.30 am Company.

TYNE TEES

8.25 am Morning Glory. 9.30 The Jacksons. 9.55 Young Lookaround. The Smurfs. 10.25 Larry the Lamb in Toytown. 10.40 Just Amazing. 11.20 Chips. 5.05 pm Film: "The Bridges of Toko-Ri" starring William Holden and Grace Kelly. 12.30 am Post's Corner.

ULSTER

9.25 pm Cartoon. 9.30 Freetime. 10.00 Sport Billy. 10.30 Indian Legends of Canada. 11.20 Fireball XL5. 11.45 The Smurfs. 5.03 pm Ulster News. 5.05 Chips. 8.00 Battlestar Galactica. 12.30 am Sports Results. 12.35 News.

YORKSHIRE

9.25 Weather followed by Cartoon Time. 9.35 Scooby Doo. 10.00 Short Story Theatre. 10.25 The World's Greatest Escape Artist. 11.20 Captain Scarlet and the Mysterons. 11.50 Joanie Loves Chachi. 5.05 pm Cartoon Time. 5.10 Film: "The 39 Steps" starring Kenneth Moore.

RADIO

(S)=Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 12.30 pm Castle's Corner. 1.00 The Grumbleweeds. 1.30 Sport including Cricket: Third Test; Athletics: AAA Championships; Golf: Lawrence Batley International; Racing from York plus show jumping from Hickstead, cycling from the Tour de France and cricket scoreboards. 6.00 Folk On 2. 7.00 Three In a Row. 7.30 Cricket Scoreboard; Ron Goodwin: Gala concert. 9.30 Big Band Special. 10.05 Martin Kelner. 12.05 am Night Owls. 1.00 Steve Madden. 3.00-4.00 Wally Whyton.

BBC RADIO 3

VHF 7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.55 Theme and Variations (S). 11.30 Scottish National Orchestra (S). 1.00 pm News. 1.05 Moscheles and Ries (S). 2.00 Amsterdam Concertgebouw Orchestra (S). 4.00 Chopin and Brahms (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.20 Oboe and Piano (S). 8.00 1985 Cheltenham International Festival of Music. Opening concert by the European Baroque Orchestra, part 1: Handel concerti. 8.50 The Oracle of Holland House. 9.10 Cheltenham Festival. Part 2: Bach (Harpsichord Concerto No 4 and Suite No 1) (S). 10.00 Stravinsky and Prokofiev (S). 10.30 The Song of Poland (S). 11.00 Mendelssohn (S). 11.57-12.00 News.

Medium Wave as above except 10.55 am-6.35 pm. Third Test.

BBC RADIO 4

7.00 am News. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 8.00 News. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 9.00 News. 9.05 Alter Henry. 9.35 Great Liners. 9.50 News Stand. 10.05 The Week In Westminster. Political review by Peter Riddell of the Financial Times. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News: A Small Country Living. 12.27 pm Quote . . . Unquote (S). 1.00 pm News. 1.10 Any Questions? 2.00 News; Afternoon Play "Post Mortem" by Noel Coward (S). 3.00 News; Radio Active (S). 3.30 Explorers Extraordinary (S).

4.15 Words by Hart. Songs by Rodgers and Hart. 4.45 Work and I. 5.00 Wildlife (S). 5.25 Week Ending (S). 6.00 News. 6.25 With Great Pleasure, P. D. James (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 10.00 News. 10.15 Evening Service (S). 10.30 Animal Language (S). 11.00 Science Now. 11.30 Cliffhanger (S). 12.00-12.15 am News.

SUNDAY

†Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Knock! Knock! 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Open University. 12.35 pm Farming. 1.00 News. 1.05 Llangollen International Eisteddfod. 1.50 Cartoon. 2.00 Eastenders. 2.55 Bonanza. 3.45 Cartoon. 3.55-5.30 Film Matinee: "Champions—A Love Story."

5.30 The Rock 'N' Roll Years. 6.00 Watchdog. 6.30 News. 6.40 Home On Sunday. 7.15 Film: "Prototype" starring Christopher Plummer and David Morse. 8.45 News. 9.00 We'll Support You Ever More. 10.30 Choices. 11.05 The Past Afloat. 11.30 History On Your Doorstep.

BBC 2

1.55-6.50 Sunday Grandstand including John Player League cricket; Show Jumping from Hickstead; Moto Cross: The 500cc British Grand Prix. 6.50 News Review. 7.15 Great Collectors. 8.05 Music For The Royal Fireworks. 9.00 The Two Ronnies. 9.50 Film: "Lucky Lady" starring Burt Reynolds. 11.45 International Show Jumping. 12.20-12.40 am Music At Night.

LONDON

8.25 am LWT Information 9.30 Porky Pig. 9.45 Swifty and Shorty. 10.00 Morning Worship. 11.00 Getting On. 11.30 Working For A Better Life. 12.00 Take 30. 12.30 pm Jobwatch. 1.00 Police 5. 1.15 The Smurfs. 1.30 Groovy Ghoulies. 2.00 London News followed by The Sharks Rotary Club. 2.30 Athletics: AAA championships. 4.30 Pretenders. 5.00 Now You See It. 5.30 Simon & Simon. 6.30 News. 6.40 Mary O'Hara and Friends. 7.15 Winner Takes All. 7.45 Murder, She Wrote. 8.45 News. 9.00 Connie. 10.00 Tales of the Unexpected. 10.30 The Jimmy Young Television Programme. 11.15 London News followed by Les Miserables. 12.15 am Night Thoughts.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Face The Press. 2.00 Film: "The Phantom President." 3.25 "Let Freedom Ring" starring Nelson Eddy and Edward Arnold. 5.00 Back To The Roots. 6.30 News followed by Mothers By Daughters. 5.15 The Mississippi. 7.15 Heritage: Civilization and the Jews. 8.15 People To People. 9.15 American Short Story: "The Jilting Of Granny Weatherall." 10.15 "Gentleman's Agreement" starring Gregory Peck.

S4C WALES

1.50 pm Union World. 2.20 The Great Plant Collections. 2.50 Wales: Landscape and Legend. 3.20 People To People. 4.15 The Winds Of War. 6.15 Heritage: Civilization And The Jews. 7.20 Apel Coleg Y Bale. 7.25 Newyddion. 7.30 Dewn Dweud. 8.00 Pwy Sy'n Perthyn? 8.30 Mwynhau'r Pethe 9.05 Byd Cerdd. 10.00 Octopus—The Power of the Mafia. 11.10 People To People. 11.55 Seven Days.

REGIONS

IBA regions as London except at the following times:

ANGLIA

9.30 am Survival. 1.00 pm Mr Smith. 1.25 Weather. 1.30 Farming Diary. 2.00 Short Story Theatre. 6.30 Bygones. 6.00 For Valour. 12.10 am The Bible for today.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Survival. 1.30 Farming Outlook. 2.00 Tripper's Day. 5.30 Hardcastle & McCormick. 11.15 Fixed for the Future.

CENTRAL

9.25 am The Wonderful World Of Professor Kitzel. 9.30 Working for a Better Life. 11.30 Gardening Time. 1.00 pm Captain Scarlet And The Mysterons. 1.30 The Adventurer. 2.00 That's Hollywood. 5.30 The A-Team. 11.15 Country Music Special: Kris Kristofferson In concert.

CHANNEL

12.25 pm Weather. 12.28 Starting Point. 12.30 Link. 1.00 Gardens For All. 1.30 The Great Whites of Dangerous Reef. 5.30 Puffin's Pla(i)ce. 5.33 The Fall Guy. 11.15 Short Story Theatre. 11.45 Benson.

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlet. 1.00 pm Farming Outlook. 1.30 Survival. 2.00 Documentary—"Yvonne Hudson—Sculptor." 5.30 Scarecrow and Mrs King. 12.10 am Reflections.

GRANADA

9.25 am Miniature Chess Masterpieces. 9.35 The Human Face of the Pacific. 11.00 Working For A Better Life. 11.25 Aap Kaa Hak. 11.30 Down to Earth. 1.00 pm Battlestar Galactica. 2.00 Survival. 5.00 Cartoon Time. 5.15 Just Amazing! 6.00 The Zodiac Game. 11.15 Late Night Movie: "The Night Stalker."

HTV

9.25 am Adventures of the Mouse on Mars. 9.30 Once Upon A Time . . . Man. 1.00 pm Ride. 1.30 West Country Farming. 2.00 The Protectors. 5.00 Definition. 5.30 Falcon Crest. 11.15 Travelling Man.

SCOTTISH

9.25 am Cartoon Time. 9.30 Working For A Better Life. 10.00 Sesame Street. 11.30 Kongur. 1.00 pm Happy Days. 1.30 Farming Outlook. 2.00 Chapter and Verse. 5.30 Return of the Saint. 11.15 Late Call. 11.20 The New Avengers.

Gregory Peck, C4 10.45

TSW

8.25 am Getting on followed by Getting On . . . Plus. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens for All. 1.30 The Great Whites of Dangerous Reef. 5.30 Gus Honeybun's Magic Birthdays. 5.33 The Fall Guy. 11.15 The South West Week. 11.45 Benson. 12.10 am Postscript.

TVS

8.25 am The Beary Family Album. 9.35 Fangface. 1.00 pm Agenda. 1.30 Levkas Man. 5.25 TVS News. 11.15 Les Miserables. 12.15 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Getting On. 11.00 Working for a Better Life. 11.25 Lookaround. 11.30 Captain Scarlet and the Mysterons. 12.30 pm Take 30. 1.00 Farming Outlook. 1.30 The Great Yorkshire Show. 5.30 Magnum. 11.15 The Beverly Hillbillies. 11.45 Epilogue.

ULSTER

1.00 pm Robert White Sings the American Songbook. 1.15 Brass in Concert. 2.00 Different Strokes. 5.30 The Love Boat. 11.18 Sports Results. 11.20 Festival Folk. 11.45 News.

YORKSHIRE

8.25 am Getting On. 11.00 Working for a Better Life. 11.30 Farming Diary. 1.00 pm A Land, A Man, A God. 1.30 The Great Yorkshire Show. 5.00 The Zodiac Game. 5.30 Cartoon Time. 5.45 Just Amazing! 11.15 Les Miserables. 12.15 am Five Minutes.

RADIO

BBC RADIO 2

(S)=Stereo on VHF

7.30 am Good Morning Sunday (S). 9.00 Melodies for You (S). 11.00 Desmond Carrington (S). 1.00 pm David Hamilton Presents Two's Best (S). 2.00 Summer Sounds including Athletics: AAA championship; Cricket: John Player League; Showjumping: Nations Cup from Hickstead. 6.30 Charlie Chester. 7.30 Cricket Scores. 7.35 Glamorous Nights. 8.30 Sunday Half-hour. 9.00 Jack Brymer. 10.05 Songs from the Shows. 10.45 Peter Dickinson. 11.00 Sounds of Jazz. 1.00 am Steve Madden (S). 3.00-4.00 David Hamilton Presents Two's Best (S).

BBC RADIO 3

7.00 am News. 7.05 Eugene Ormandy (S). 9.00 Bach Cantatas 1724 (S). 8.25 French Music for Wind Instruments (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Chicago Symphony Orchestra (S). 11.55 Words. 12.00 Chicago SO, part 2 (S). 12.55 pm Les Arts Florissants (S). 1.40 Berlioz (S). 2.30 Songs with an American Connection (S). 3.15 Nash Ensemble (S). 4.35 Fibich (S). 5.15 A Truce to Terror. 5.00 Harrison Birtwistle (S). 6.30 Eurydice (S). 9.00 Debussy and Ravel (S). 9.50 Northern Sinfonia (S). 1.00 Lindsay Quartet (S). 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Lord Mayor of London Sir Alan Traill talks for the Week's Good Cause about the Treloar Trust. 8.55 Weather: Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 pm Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 The Afternoon Play: "Touched" by Stephen Lowe (S). 4.00 Heritage. 4.30 The Living World. 5.00 News. 5.05 Down Your Way. 6.00 News. 6.15 Treasure Islands: St Lucia and Martinique. 6.30 A Good Read. 7.00 XPD. 7.30 In the Psychiatrist's Chair. 8.05 Law in Action. 8.30 Young Lives (S). 9.00 Kidnapped and Catriona (S). 10.00 News. 10.15 Antigone at Bradfield (S). 1.00 The Play's the Thing. 11.15 Inside Parliament. 12.00-12.15 am News: Weather.

Solution to Chess No. 576

Hubner. The spectators saw 1 RxN,QxR; 2 R—K8 ch, R—N1; 3 RxR ch, KxR; 4 Q—N5 ch, K—B2; 5 B—B4 winning a piece, but Hubner had spotted 1 RxN, R—Q6! when if 2 R—K8 ch, QxR; 3 QxR,RxR or 2 RxQ, RxQ ch; 3 K—R2, RxR or 2 R—B8 ch, QxR; 3 QxR,QxP ch; 4 K—R2, Q—B7 ch and mates.

هكذا من الأصل